GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

HOUSE BILL NO. 585

TUESDAY, MARCH 22, 2016

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

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

1 AN ACT relating to 911 emergency services and making an appropriation therefor.
2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***
3 ➔SECTION 1. A NEW SECTION OF KRS 65.750 TO 65.760 IS CREATED TO
4 READ AS FOLLOWS:
5 ***The General Assembly hereby finds and declares that:***
6 ***(1) The general welfare and safety of the citizens of the Commonwealth of Kentucky***
7 ***in emergency situations depend in large measure upon a fully functional 911***
8 ***emergency services system;***
9 ***(2) It is in the best interests of the Commonwealth to provide adequate resources to***
10 ***local governments for the effective delivery of life-saving 911 emergency services;***
11 ***(3) The authority granted and the purposes to be accomplished by KRS 65.750 to***
12 ***65.760 and 65.7621 to 65.7643 are proper governmental and public purposes***
13 ***necessary for the provision of 911 emergency services to the citizens of the***
14 ***Commonwealth; and***
15 ***(4) The CMRS service charges, as defined in subsection (10) of Section 4 of this Act,***
16 ***are vital to the provision of 911 emergency services to the citizens of the***
17 ***Commonwealth and are intended to apply to each CMRS connection regardless***
18 ***of whether that connection is prepaid, postpaid, or uses free minutes.***
19 ➔Section 2. KRS 65.750 is amended to read as follows:
20 As used in this section to KRS 65.760:
21 (1) "911 emergency[~~ telephone~~] service" means a ***system that provides the end user of***
22 ***a service connection with emergency services by dialing 9-1-1, directs 911 calls to***
23 ***the appropriate public safety answering points based on the geographic location***
24 ***from which the call originated, and provides the capability for automatic number***
25 ***identification and automatic location identification features in accordance with***
26 ***the FCC order***[~~telephone service which provides the user of the public telephone~~
27 ~~system the ability to place calls to a public safety answering point on a twenty four~~

1 ~~(24) hour basis and reach local emergency service agencies by dialing the digits 9-1-~~
2 ~~1. Such a service is capable, at minimum, of transmitting requests for law~~
3 ~~enforcement, firefighting, and emergency medical and ambulance services to a~~
4 ~~public safety agency or other provider that provides the requested service at the~~
5 ~~place where the call originates. A 911 emergency telephone service may also~~
6 ~~provide for other emergency services. The term "911 emergency telephone service"~~
7 ~~includes the term wireline "enhanced 911 system," which means an emergency~~
8 ~~telephone system that provides the caller with wireline emergency 911 system~~
9 ~~service and, in addition, directs 911 calls to appropriate public safety answering~~
10 ~~points based on the geographical location from which the call originated and may~~
11 ~~provide the capability for automatic number identification, pseudo-automatic~~
12 ~~number identification, selective routing, and automatic location identification~~
13 ~~features~~]. As used in KRS 65.760, the term "911 emergency[~~ telephone~~] service"
14 ***includes***[~~does not include~~] the ***terms***[~~term~~] "wireless enhanced 911 system,"
15 "wireless enhanced 911 service," ***and***[~~or~~] "wireless E911 service" as used in KRS
16 65.7621 to 65.7643;
17 (2) ***"Automatic call distribution" or "ACD" means a system that automatically***
18 ***distributes incoming calls to PSAP attendants in the order the calls are received;***
19 ***(3)*** "Automatic number identification[~~ (ANI)~~]" ***or "ANI"*** means a feature that allows
20 for the automatic display of the ***911 caller's*** ten (10) digit number, or equivalent, ***in***
21 ***accordance with applicable FCC rules and regulations***[~~used to place a 911 call~~];
22 ***(4)***[~~(3)~~] "Automatic location identification[~~ (ALI)~~]" ***or "ALI"*** means a feature by
23 which the ***location or estimated location of the calling party***[~~name and address~~
24 ~~associated with the calling party's telephone number~~] is made available to a PSAP
25 ***in accordance with applicable FCC rules and regulations***;
26 ***(5)***[~~(4)~~] "Automatic location identification data management system[~~ (ALI/DBS)~~]" ***or***
27 ***"ALI/DBS"*** means a system of manual procedures and computer programs used to

1 create, store, and update the data required for ALI in support of enhanced 911;
2 ***(6) "Automatic vehicle location" or "AVL" means a system used to track emergency***
3 ***responder vehicles;***
4 ***(7)***[~~(5)~~] "Dispersed private telephone system[~~ (DPTS)~~]" ***or "DPTS"*** means a
5 multiline, shared tenant system or PBX used for the purpose of reselling telephone
6 service to residential customers and whose connection to a telephone network is
7 capable of carrying emergency calls from more than one (1) specific location within
8 a structure or structures but does not mean a multiline, shared tenant system or PBX
9 owned and operated by a state agency or used in providing service within a hotel or
10 motel;
11 ***(8) "FCC order" means the Order of the Federal Communications Commission,***
12 ***FCC Docket No. 94-102, adopted effective October 1, 1996, including any***
13 ***subsequent amendments or modifications thereof;***
14 ***(9)***[~~(6)~~] "Fully enhanced 911 emergency telephone service" means a telephone
15 network feature that selectively routes calls placed to the national 911 emergency
16 number to the proper public service answering points (PSAPs) and provides the
17 PSAP with a voice connection and ANI and ALI information;
18 ***(10) "Geographic information systems" or "GIS" means a system for capturing,***
19 ***storing, displaying, analyzing, and managing data, and associated attributes***
20 ***which are spatially referenced;***
21 ***(11) "Law Enforcement Information Network of Kentucky and the National Crime***
22 ***Information Center" or "LINK/NCIC" means two (2) systems used by law***
23 ***enforcement and emergency communications personnel for short messaging***
24 ***between agencies and to request vehicle, driver, and criminal history checks;***
25 ***(12) "Local government" means any city, county, urban-county government,***
26 ***consolidated local government, unified local government, or charter county***
27 ***government;***

1 ***(13) "Master street address guide" or "MSAG" means a database of street names and***
2 ***house number ranges within their associated communities defining emergency***
3 ***services zones and their associated emergency service numbers used by PSAPs to***
4 ***enable proper routing of 911 calls;***
5 ***(14)***[~~(7)~~] "Private branch exchange[~~ (PBX)~~]" ***or "PBX"*** means a privately owned
6 switch system that connects calls to a telephone company;
7 ***(15)***[~~(8)~~]) "Public safety answering point" or "PSAP" means a communications facility
8 that is assigned the responsibility to receive 911 calls originating in a given area
9 and, as appropriate, to dispatch public safety services or to extend, transfer, or relay
10 911 calls to appropriate public safety agencies;
11 ***(16) "Service connection" means the transmission, conveyance, or routing of voice,***
12 ***data, video, text, or any other information signal of the purchaser's choosing by***
13 ***any medium or method now in existence or later devised with the ability to***
14 ***directly connect the user to 911 emergency services;***
15 ***(17)***[~~(9)~~] "Service supplier" means a person or entity that administers, maintains, and
16 operates the ALI/DBS and may include telephone companies that provide local
17 exchange telephone service to a telephone subscriber;[~~ and~~]
18 ***(18)***[~~(10)~~] "Station identification number[~~ (SIN)~~]" ***or "SIN"*** means a number that a
19 DPTS uses to identify a specific station on the switch***; and***
20 ***(19) "Interconnected Voice over Internet Protocol" or "VoIP" means a service that:***
21 ***(a) Enables real-time, two-way voice communications;***
22 ***(b) Requires a broadband connection from the user's location;***
23 ***(c) Requires Internet protocol-compatible customer premises equipment; and***
24 ***(d) Permits users generally to receive calls that originate on the public switched***
25 ***telephone network and terminate calls to the public switched telephone***
26 ***network***.
27 ➔Section 3. KRS 65.760 is amended to read as follows:

1 (1) Any ***local***[~~city, county, or urban-county~~] government may establish 911 emergency[
2 ~~telephone~~] service upon approval of the governing body of the city, county, or
3 urban-county government and may adopt regulations concerning the provision of
4 this service by ordinance.
5 (2) Any ***local***[~~city, county, or urban-county~~] government, or any combination thereof,
6 may with the approval of their governing bodies enter into an interlocal cooperation
7 agreement creating a joint 911 emergency [~~telephone~~]service.
8 (3) ***(a)*** The funds required by a ***local***[~~city, county, or urban-county~~] government to
9 establish and operate 911 emergency [~~telephone~~]service, or to participate in
10 joint service with other local governments, may be obtained through the levy
11 of any special tax, license, or fee not in conflict with the Constitution and
12 statutes of this state. The special tax, license, or fee may include a subscriber
13 charge for 911 emergency[~~ telephone~~] service that shall be levied on an
14 individual exchange-line basis, limited to a maximum of twenty-five (25)
15 exchange lines per account per government entity.
16 ***(b)*** Any private commercial telephone service or owner of a dispersed private
17 telephone system (DPTS) that provides local and 911 emergency service to
18 subscribers for compensation shall collect and remit the subscriber charge to
19 the local government on the same basis as the primary local exchange carrier,
20 except that this requirement shall not apply to a state agency that currently
21 maintains an independent 911 system with its own public safety answering
22 point.
23 ***(c) Any provider of interconnected VoIP local and 911 emergency services to***
24 ***subscribers for compensation shall collect and remit any special tax,***
25 ***license, or fee levied under paragraph (a) of this subsection to the local***
26 ***government, except that the special tax, license, or fee levied under***
27 ***paragraph (a) of this subsection shall not apply to a commercial mobile***

1 *radio service subject to a fee imposed under Section 8 or 15 of this Act*[~~ All~~
2 ~~revenues from a tax or fee expressly levied to fund 911 emergency services~~
3 ~~shall be expended solely for the establishment, operation, and maintenance of~~
4 ~~a 911 emergency communications system; this may include expenditures to~~
5 ~~train communications personnel and to inform the public of the availability~~
6 ~~and proper use of 911 service~~].
7 (4) *All revenues raised from any special tax, license, or fee levied under subsection*
8 *(3) of this section shall be expended only as provided in this subsection and only*
9 *to the extent that the expenditure is directly attributable to the establishment,*
10 *operation, or maintenance of a PSAP, the delivery of 911 emergency services, or*
11 *the provision of wireless enhanced 911 services, as follows:*
12 *(a) The hiring of personnel;*
13 *(b) The following costs for employees:*
14 *1. Salaries;*
15 *2. Fringe benefits;*
16 *3. MSAG coordination;*
17 *4. Uniforms; and*
18 *5. Addressing and database development and management;*
19 *(c) Facility costs for the following expenses:*
20 *1. Capital improvements for construction, remodeling, or expansion;*
21 *2. Lease or rental payments;*
22 *3. Utilities;*
23 *4. Heating and air conditioning;*
24 *5. Fire suppression systems;*
25 *6. Security systems;*
26 *7. Cleaning and maintenance;*
27 *8. Emergency power and uninterruptable power equipment;*

1 *9. Insurance;*

2 *10. Office supplies;*

3 *11. Printing and copying services; and*

4 *12. Furniture;*

5 *(d) Training and memberships in professional associations, including:*

6 *1. Vendor-provided training;*

7 *2. Conferences;*

8 *3. Necessary travel and lodging;*

9 *4. On-the-job training; and*

10 *5. Memberships in 911-related associations;*

11 *(e) Costs for the following equipment shall be allowed to the extent its function*

12 *is directly attributable to the provision of 911 emergency services, whether*

13 *on the premises or remotely located:*

14 *1. 911 controllers, equipment, or software;*

15 *2. 911 trunks or administrative lines for the 911 center;*

16 *3. Remote 911 hardware or modems;*

17 *4. ACD systems or other call management facilities and software;*

18 *5. Call-time stamping or other clock functions;*

19 *6. Computer workstations;*

20 *7. Telephone and related services to support the receipt of 911 contact*

21 *from the deaf and hard of hearing community;*

22 *8. Voice and data recording systems;*

23 *9. Radio systems, including consoles and any fixed radio asset that is not*

24 *mobile or portable and that is used for 911 and emergency response;*

25 *10. CAD, GIS mapping, paging, mobile data, LINK/NCIC, or AVL*

26 *systems and associated databases;*

27 *11. Network connectivity;*

1 *12. Software licenses; and*

2 *13. Maintenance or service agreements for equipment or software listed in*

3 *this subsection;*

4 *(f) Vehicle costs for the following, either as reimbursement to an employee for*

5 *the use of a private vehicle or direct costs for a vehicle assigned to the*

6 *agency:*

7 *1. MSAG development and maintenance;*

8 *2. GIS data development, verification, and testing; and*

9 *3. Public education;*

10 *(g) Costs for the following professional services:*

11 *1. Legal;*

12 *2. Architectural;*

13 *3. Auditing; and*

14 *4. Consultation; and*

15 *(h) Costs for public education regarding the proper use of 911 emergency*

16 *services.*

17 *(5) A local government shall not use revenues from any special tax, license, or fee*

18 *levied under subsection (3) of this section for personnel costs, facility costs,*

19 *training and membership costs, equipment costs, vehicle costs, professional*

20 *services costs, public education costs, nor any of the following costs, unless the*

21 *expense is directly attributable to the delivery of 911 emergency services:*

22 *(a) Personnel costs for the following personnel, unless directly functioning as*

23 *PSAP staff:*

24 *1. Law enforcement;*

25 *2. Emergency medical services personnel;*

26 *3. Fire protection personnel;*

27 *4. Emergency management staff; and*

1 *5. Shared support or technical staff;*
2 *(b) Facility costs for the following purposes and facilities, except for that*
3 *portion used for the delivery of 911 emergency services:*
4 *1. Capital and furnishing costs for facilities whose primary purpose is*
5 *not the delivery of 911 emergency services;*
6 *2. Facilities primarily intended for use by police, fire, emergency medical*
7 *services, or other emergency management personnel; and*
8 *3. Facilities providing general offices for local government operations;*
9 *(c) Training and membership costs for the following purposes:*
10 *1. Costs for training for staff not directly involved in the delivery of 911*
11 *emergency services or courses whose content is not intended to*
12 *increase the knowledge, skills, and abilities of 911 personnel with*
13 *regard to delivery of 911 emergency services; and*
14 *2. Costs for memberships in organizations or associations whose primary*
15 *purpose is not public safety communications or the delivery of 911*
16 *emergency services;*
17 *(d) The following hardware, software, or peripheral costs:*
18 *1. Law enforcement, fire protection, emergency medical services, or jail*
19 *record management systems;*
20 *2. Word processing and other general computer applications;*
21 *3. GIS applications providing data layers not needed for the location of*
22 *emergency calls or other general mapping and locations services for*
23 *government operations;*
24 *4. Court information systems;*
25 *5. Field equipment used outside of the PSAP by emergency responders*
26 *or other government personnel for radio, paging, mobile data,*
27 *LINK/NCIC, ACD, or AVL systems;*

1 ***6. Internet connectivity for an application listed in this subsection;***
2 ***7. A maintenance or service agreement for an application listed in this***
3 ***subsection; and***
4 ***8. A software license for an application listed in this subsection;***
5 ***(e) The cost of an emergency response or other government vehicle;***
6 ***(f) Costs for professional services; and***
7 ***(g) Costs for public education.***
8 ***(6)*** The governing body may apply for and accept federal moneys and may accept
9 contributions and donations from any source for the purpose of funding 911
10 emergency[~~ telephone~~] service.
11 ***(7)***[~~(5)~~] Nothing in this section shall preclude other means of establishing or funding a
12 911 emergency[~~ telephone~~] service within any local area or exchange, nor require
13 the operation of such service by any local government.
14 ➔Section 4. KRS 65.7621 is amended to read as follows:
15 As used in KRS 65.7621 to 65.7643, unless the context requires otherwise:
16 (1) "Administrator" means the ***person who serves as the state 911 coordinator, the***
17 ***executive director of the Kentucky 911 Services Board, and the*** state administrator
18 of CMRS emergency telecommunications under KRS 65.7625;
19 (2) "Automatic location identification", or "ALI" means ***a feature by which the***
20 ***location or estimated location of the calling party is made available to a PSAP in***
21 ***accordance with applicable FCC rules and regulations***[~~an enhanced 911 service~~
22 ~~capability that enables the automatic display of information defining the~~
23 ~~approximate geographic location of the wireless telephone used to place a 911 call~~
24 ~~and includes the term "pseudo-automatic number identification~~];[~~"~~]
25 (3) "Automatic number identification", or "ANI" means ***a feature that allows for***[~~an~~
26 ~~enhanced 911 service capability that enables~~] the automatic display ***of the 911***
27 ***caller's***[~~on an ALI screen of the~~] ten-digit ***number***, or equivalent, ***in accordance***

1 ***with applicable FCC rules and regulations***[~~wireless telephone number used to~~
2 ~~place a 911 call~~];
3 (4) "CMRS" means commercial mobile radio service under Sections 3(27) and 332(d)
4 of the Federal Telecommunications Act of 1996, 47 U.S.C. secs. 151 et seq., and
5 the Omnibus Budget Reconciliation Act of 1993, as it existed on August 10, 1993.
6 The term includes the term "wireless" and service provided by any wireless real
7 time two-way voice communication device, including radio-telephone
8 communications used in cellular telephone service, personal communications
9 service, and the functional or competitive equivalent of a radio-telephone
10 communications line used in cellular telephone service, a personal communications
11 service, or a network radio access line;
12 (5) "[~~CMRS~~]Board"[~~ or "board"~~] means the[~~ Commercial Mobile Radio Service~~
13 ~~Emergency Telecommunications Board of~~] Kentucky ***911 Services Board***;
14 (6) "CMRS connection" means a mobile handset telephone number assigned to a
15 CMRS customer;
16 (7) "CMRS customer" means an end user to whom a mobile handset telephone number
17 is assigned and to whom CMRS is provided in return for compensation;
18 (8) "CMRS Fund" means the commercial mobile radio service emergency
19 telecommunications fund;
20 (9) "CMRS provider" means a person or entity who provides CMRS to an end user.
21 The term includes both facilities-based resellers and nonfacilities-based resellers;
22 (10) ***"CMRS service charges" means the CMRS postpaid service charge, the CMRS***
23 ***prepaid service charge, and the CMRS service charge fee levied under Section 29***
24 ***of this Act;***
25 ***(11)*** "CMRS ***postpaid*** service charge" means the CMRS emergency telephone service
26 charge ***fee*** levied under KRS 65.7629(3) and collected under KRS 65.7635;
27 ***(12) "CMRS prepaid service charge" means the fee imposed on prepaid wireless***

1 ***telecommunications service under Section 15 of this Act and collected under***
2 ***Sections 16 to 23 of this Act;***
3 ***(13)***[~~(11)~~] "FCC order" means the Order of the Federal Communications Commission,
4 FCC Docket No. 94-102, adopted effective October 1, 1996, including any
5 subsequent amendments or modifications thereof;
6 ***(14)***[~~(12)~~] "Local exchange carrier" or "LEC" means any person or entity who is
7 authorized to provide telephone exchange service or exchange access in the
8 Commonwealth;
9 ***(15)***[~~(13)~~] "Local government" means any city, county, charter county, or urban-county
10 government of the Commonwealth, or any other governmental entity maintaining a
11 PSAP;
12 ***(16)***[~~(14)~~] "Mobile telephone handset telephone number" means the ten (10) digit
13 number assigned to a CMRS connection;
14 ***(17) "Next generation 911" means a 911 system where any device capable of making***
15 ***a 911 emergency request uses digital technology through managed emergency***
16 ***services Internet protocol networks composed of functional elements and***
17 ***databases that replicate enhanced 911 features and functions while providing***
18 ***additional multimedia capabilities for the PSAP. "Next generation 911" includes***
19 ***any technology, functions, capabilities, best practices, or processes, either***
20 ***currently existing or later developed, that will be used during and after the***
21 ***transition of the delivery of 911 services from analog to digital technology;***
22 ***(18) "Prepaid wireless telecommunications service" means a wireless***
23 ***telecommunications service that:***
24 ***(a) If purchased, must be paid for in advance;***
25 ***(b) Is sold or provided in predetermined units of time or dollars that decline in***
26 ***a known amount of use or time; and***
27 ***(c) Provides the user with access to 911 emergency service;***

1 ***"Prepaid wireless telecommunications service" includes service provided by***
2 ***prepaid wireless providers approved as eligible telecommunications companies by***
3 ***the Kentucky Public Service Commission to participate in the wireless low-***
4 ***income Lifeline program;***
5 ***(19) "Prepaid wireless telecommunications service provider" means a person or entity***
6 ***that provides prepaid wireless telecommunications service as authorized by a***
7 ***license issued by the FCC;***
8 ***(20)***[~~(15)~~] "Proprietary information" means information[~~ held as private property~~],
9 including customer lists and other related information, technology descriptions,
10 technical information, or trade secrets;
11 ***(21)***[~~(16)~~] "Pseudo-automatic number identification" means a wireless enhanced 911
12 service capability that enables the automatic display of the number of the cell site or
13 cell face;
14 ***(22)***[~~(17)~~] "Public safety answering point" or "PSAP" means a communications facility
15 that is assigned the responsibility to receive 911 calls originating in a given area
16 and, as appropriate, to dispatch public safety services or to extend, transfer, or relay
17 911 calls to appropriate public safety agencies;
18 ***(23) "Purchaser" means a person who purchases prepaid wireless***
19 ***telecommunications service in a retail transaction;***
20 ***(24) "Retail transaction" means the purchase of prepaid wireless telecommunications***
21 ***service from a retailer for any purpose other than resale;***
22 ***(25) "Retailer" means a person who sells prepaid wireless telecommunications service***
23 ***to any person for a purpose other than resale;***
24 ***(26) "Service connection" means the transmission, conveyance, or routing of voice,***
25 ***data, video, text, or any other information signal of the purchaser's choosing by***
26 ***any medium or method now in existence or later devised with the ability to***
27 ***directly connect the user to 911 emergency services;***

1 *(27)*[~~(18)~~] "Service supplier" means a person or entity who provides local exchange
2 telephone service to a telephone subscriber;
3 *(28)*[~~(19)~~] "Wireless enhanced 911 system," "wireless E911 system," "wireless enhanced
4 911 service," or "wireless E911 service" means an emergency telephone system that
5 provides the end user of the CMRS connection with wireless 911 service and, in
6 addition, directs 911 calls to appropriate public safety answering points based on the
7 geographical location from which the call originated and provides the capability for
8 automatic number identification and automatic location identification features in
9 accordance with the requirements of the FCC order; and
10 *(29)*[~~(20)~~] "Tier III CMRS provider" means a non-nationwide Commercial Mobile Radio
11 Service provider with no more than five hundred thousand (500,000) subscribers as
12 of December 31, 2001.
13 ➔Section 5. KRS 65.7623 is amended to read as follows:
14 (1) There is hereby created the[~~ Commercial Mobile Radio Service Emergency~~
15 ~~Telecommunications Board of~~] Kentucky ***911 Services Board***, the "[~~CMRS~~
16]board," consisting of ***fifteen (15)***[~~ten (10)~~] members, ***eleven (11) of whom shall be***
17 ***voting members*** appointed by the Governor***, two (2) of whom shall be voting***
18 ***members who shall serve by virtue of their offices, and two (2) shall be nonvoting***
19 ***legislative members,*** as follows: two (2) members shall be employed by or
20 representative of the interest of CMRS providers, of which, one (1) shall be a
21 representative of a Tier III CMRS provider; ***two (2) members serving as city***
22 ***officials, one (1) of which shall be an elected city official, from a list of four (4)***
23 ***nominees submitted by the Kentucky League of Cities; two (2) members serving***
24 ***as county officials, both of which shall be elected county officials, from a list of***
25 ***four (4) nominees submitted by the Kentucky Association of Counties***[~~one (1)~~
26 ~~member shall be a mayor of a city or urban-county government or his or her~~
27 ~~designee containing a public safety answering point~~]; one (1) member shall be

1 appointed from a list of local exchange landline telephone companies'
2 representatives submitted by the Kentucky Telephone Association; one (1) member
3 shall be a director of a certified public safety answering point operated by a local
4 governmental entity or a consolidated group of local governmental entities
5 appointed from lists of candidates submitted to the Governor by the Kentucky
6 Firefighters Association, the State Association of Chiefs of Police, ***the Kentucky***
7 ***Sheriff's Association,*** and the Kentucky Ambulance Providers Association; two (2)
8 members shall be appointed from lists of candidates submitted to the Governor by
9 the Kentucky Emergency Number Association and the Association of Public
10 Communications Officials;[~~ and~~] one (1) member shall be a director of a certified
11 public safety answering point operated by a local government entity or a
12 consolidated group of local governmental entities***; and two (2) nonvoting***
13 ***legislative members to serve solely in advisory capacities for terms of two (2)***
14 ***years, one (1) of whom shall be a member of the House of Representatives to be***
15 ***appointed by the Speaker of the House of Representatives and one (1) of whom***
16 ***shall be a member of the Senate to be appointed by the President of the Senate***.
17 The commissioner of the Department of Kentucky State Police, or the
18 commissioner's designee, and the ***executive director of the Office of Homeland***
19 ***Security, or the executive director's designee,***[~~CMRS emergency~~
20 ~~telecommunications administrator~~] also shall be ***voting*** members of the board. Any
21 vacancy on the board shall be filled in the same manner as the original appointment.
22 (2) The commissioner ***of the Department of Kentucky State Police and the executive***
23 ***director of the Office of Homeland Security***[~~and administrator~~] shall serve by
24 virtue of their ***offices***[~~office~~]. The other ***non legislative*** members shall be appointed
25 ***by the Governor***[~~no later than August 15, 1998,~~] for a term of four (4) years and
26 until their successors are appointed and qualified, except that of the first
27 appointments, one (1) shall be for a term of one (1) year, one (1) shall be for a term

1 of two (2) years, one (1) for a term of three (3) years, and two (2) shall be for a term
2 of four (4) years. Any member missing three (3) consecutive meetings may be
3 removed by a majority vote of the remaining voting members.
4 (3) ***The board shall elect a chair from among its voting members to preside over***
5 ***meetings of the board, which shall be conducted at least four (4) times each year.***
6 ***The board shall be subject to the provisions of the Kentucky Open Meetings Act,***
7 ***KRS 61.805 to 61.850. The board shall establish a regular meeting schedule for***
8 ***each calendar year. The board shall hold at least two (2) meetings per calendar***
9 ***year in congressional districts other than the one in which Frankfort is located,***
10 ***and shall rotate its traveling meeting locations among the congressional districts***
11 ***before holding another traveling meeting in the same congressional district. A***
12 ***majority of the voting members appointed to the board shall constitute a quorum.***
13 ***(4)*** In addition to the administrator ***appointed by the board under Section 6 of this Act,***
14 the Kentucky Office of Homeland Security shall provide staff services and carry out
15 administrative duties and functions as directed by the board. The board shall be
16 attached to the Kentucky Office of Homeland Security for administrative purposes
17 only and shall operate as an independent entity within state government.
18 ***(5)***[~~(4)~~] The board members shall serve without compensation but shall be reimbursed
19 in accordance with KRS 45.101 for expenses incurred in connection with their
20 official duties as members of the board.
21 ***(6)***[~~(5)~~] All administrative costs and expenses incurred in the operation of the board,
22 including payments under subsection ***(5)***[~~(4)~~] of this section, shall be paid from that
23 portion of the CMRS fund that is authorized under ***subsection (2) of Section 10 of***
24 ***this Act***[~~KRS 65.7631~~] to be used by the board for administrative purposes.
25 ➔Section 6. KRS 65.7625 is amended to read as follows:
26 (1) The ***Kentucky 911 Services***[~~CMRS~~] Board shall appoint a state administrator of
27 commercial mobile radio service emergency telecommunications. The[~~ CMRS~~]

1 board shall set the administrator's compensation, which shall be paid from that
2 portion of the CMRS fund that is authorized under KRS 65.7631*(2)*[~~(1)~~] to be used
3 by the board for administrative purposes.
4 (2) The administrator of CMRS emergency telecommunications shall serve as[~~, a~~
5 ~~member of the CMRS Board and, as~~] the coordinator and ***administrator on***
6 ***behalf***[~~administrative head~~] of the board, ***and*** shall conduct the day-to-day
7 operations of the board.
8 (3) The administrator shall, with the advice of the board, coordinate and direct a
9 statewide effort to expand and improve enhanced emergency telecommunications
10 capabilities and responses throughout the state, including but not limited to the
11 implementation of wireless E911 service requirements of the FCC order and rules
12 and regulations adopted in carrying out that order. In this regard, the administrator
13 shall:
14 (a) Obtain, maintain, and disseminate information relating to emergency
15 telecommunications technology, advances, capabilities, and techniques;
16 (b) Coordinate and assist in the implementation of advancements and new
17 technology in the operation of emergency telecommunications in the state,
18 ***including the development and implementation of next generation 911***
19 ***service***;[~~, and~~]
20 (c) Implement compliance throughout the state with the wireless E911 service
21 requirements established by the FCC order and any rules or regulations which
22 are or may be adopted by the Federal Communications Commission in
23 carrying out the FCC order***; and***
24 ***(d) Perform all functions and duties assigned by the board in carrying out the***
25 ***purposes of KRS 65.7621 to 65.7643, including but not limited to making a***
26 ***full report to the board at each meeting of the activities in which the***
27 ***administrator has engaged in the discharge of his or her duties since the***

1 ***previous meeting***.

2 ➔Section 7. KRS 65.7627 is amended to read as follows:

3 There is established the commercial mobile radio service emergency telecommunications
4 fund, the "CMRS fund," an insured, interest-bearing account to be administered and
5 maintained by the ***Kentucky 911 Services***[~~CMRS~~] Board. The CMRS service ***charges***
6 ***levied under Sections 8, 15, and 29 of this Act***[~~charge~~] shall ***generate revenue equitably***
7 ***from prepaid and postpaid CMRS connections***[~~have uniform application~~] within the
8 boundaries of the Commonwealth. No ***charges***[~~charge~~] other than the CMRS service
9 ***charges levied under Sections 8, 15, and 29 of this Act are***[~~charge is~~] authorized to be
10 levied by any person or entity for providing wireless[~~ 911~~] service.[~~ or wireless E911~~
11 ~~service. The board shall deposit~~] All revenues ***collected***[~~derived~~] under KRS 65.7635 ***and***
12 ***Sections 15, 16 to 23, and 29 of this Act shall be deposited directly*** into the fund, and ***the***
13 ***board*** shall direct disbursements from the fund according to the provisions of KRS
14 65.7631. Moneys in the CMRS fund shall not be the property of the Commonwealth and
15 shall not be subject to appropriation by the General Assembly. Moneys deposited or to be
16 deposited into the CMRS fund shall not:

17 (1) Be loaned to the Commonwealth or to any instrumentality or agency thereof;

18 (2) Be subject to transfer to the Commonwealth or any agency or instrumentality
19 thereof, except for purposes specifically authorized by KRS 65.7621 to 65.7643; or

20 (3) Be expended for any purpose other than a purpose authorized by KRS 65.7621 to
21 65.7643.

22 ➔Section 8. KRS 65.7629 is amended to read as follows:

23 The board shall administer the provisions of KRS 65.7621 to 65.7643, and shall have the
24 following powers and duties:

25 (1) To review, evaluate, and approve or disapprove the plans or plan modifications that
26 are submitted to the board for complying with the wireless E911 service
27 requirements established by the FCC order and by any rules or regulations which

1 are or may be adopted by the Federal Communications Commission in carrying out
2 the FCC order;
3 (2) To develop standards to be followed by the board in reviewing, evaluating,
4 approving, or disapproving the plans or plan modifications that are submitted to the
5 board;
6 (3) ***(a)*** To collect the CMRS service charge from each CMRS connection:
7 ***1.***[~~(a)~~] With a place of primary use, as defined in 4 U.S.C. sec. 124,
8 within the Commonwealth; or
9 ***2.***[~~(b)~~] For prepaid CMRS connections***, until January 1, 2017, at which***
10 ***time the CMRS prepaid service charge imposed under Section 15 of***
11 ***this Act and collected under Sections 16 to 23 of this Act shall take***
12 ***effect and this subparagraph shall no longer be in force***:
13 ***a.***[~~1.~~] With a place of primary use, as defined in 4 U.S.C. sec. 124,
14 within the Commonwealth; or
15 ***b.***[~~2.~~] With a geographical location associated with the first six (6) digits,
16 or NPA/NXX, of the mobile telephone number is inside the
17 geographic boundaries of the Commonwealth.
18 ***(b)*** The CMRS ***postpaid*** service charge***, and until January 1, 2017, the CMRS***
19 ***prepaid service charge,*** shall be seventy cents ($0.70) per month per CMRS
20 connection, ***to***[~~and shall~~] be ***calculated,*** collected***, and remitted*** in accordance
21 with KRS 65.7635[~~ beginning August 15, 1998~~]. The amount of the CMRS
22 service charge shall not be increased except by act of the General Assembly;
23 (4) ***To deposit the proceeds of the CMRS prepaid service charge levied under Section***
24 ***15 of this Act that are collected by the Department of Revenue into the CMRS***
25 ***fund established by Section 7 of this Act and to distribute those revenues in***
26 ***accordance with Section 10 of this Act. The CMRS prepaid service charge shall***
27 ***be calculated, collected, and remitted in accordance with Sections 15 and 16 to 23***

1 ***of this Act***[~~To review the rate of the CMRS service charge at least once every~~
2 ~~twenty-four (24) months and, at its discretion, to decrease the rate or recommend~~
3 ~~that the General Assembly increase the rate if the board determines that changing~~
4 ~~the rate is necessary to achieve the purposes of KRS 65.7621 to 65.7643. The first~~
5 ~~cost study shall be completed on or before July 1, 1999, and shall be submitted to~~
6 ~~the Governor, the President of the Senate, and the Speaker of the House of~~
7 ~~Representatives, and the board shall recommend, on the basis of the cost study,~~
8 ~~whether legislation to increase the CMRS service charge should be proposed during~~
9 ~~the 2000 Regular Session of the General Assembly~~];
10 (5) To administer and maintain the CMRS fund according to the provisions of KRS
11 65.7627, and promptly to deposit all revenues from the CMRS service
12 ***charges***[~~charge~~] into the CMRS fund;
13 (6) To make disbursements from the CMRS fund, according to the allocations and
14 requirements established in KRS 65.7631;
15 (7) To establish procedures and guidelines to be followed by the board in reviewing,
16 evaluating, and approving or disapproving disbursements from the CMRS fund and
17 requests for disbursements made in accordance with KRS 65.7631;
18 (8) To resolve conflicts regarding reimbursable costs and expenses under KRS
19 65.7631[~~ (3) and ~~](4);
20 (9) To submit annual reports to the Auditor of Public Accounts no later than sixty (60)
21 days after the close of each fiscal year, which shall provide an accounting for all
22 CMRS service charges deposited into the CMRS fund during the preceding fiscal
23 year and all disbursements to CMRS providers and PSAPs during the preceding
24 fiscal year;
25 (10) To employ consultants, engineers, and other persons and employees as may be, in
26 the judgment of the board, essential to the board's operations, functions, and
27 responsibilities, and to fix and pay their compensation from funds available to the[

1 ~~CMRS~~] board;

2 (11) To acquire, by gift, purchase, installment purchase, or lease, any equipment
3 necessary to carry out the board's purposes and duties;

4 (12) To retain any and all information, including all proprietary information, that is
5 submitted to the board by CMRS providers and PSAPs, for the purposes of
6 maintaining it and verifying its accuracy;

7 (13) To retain, with approval by the Auditor of Public Accounts, an independent
8 certified public accountant who shall audit, once every twenty-four (24) months, the
9 books of the board, CMRS providers, and PSAPs eligible to request or receive
10 disbursements from the CMRS fund under KRS 65.7631 for the following
11 purposes:

12 (a) To verify the accuracy of collection, receipts, and disbursements of all
13 revenues derived from the CMRS service ***charges***[~~charge~~] and the number of
14 wireless E911 calls received by each PSAP eligible to request or receive
15 disbursements from the CMRS fund;

16 (b) To determine whether the revenues generated by the CMRS service
17 ***charges***[~~charge~~] equal, exceed, or are less than the costs incurred in order to
18 comply with the FCC order;[~~ and~~]

19 (c) To determine the sufficiency of the funds currently being withheld for
20 administrative purposes under KRS 65.7631***(2)***[~~(1)~~]***; and***

21 ***d) To verify the accuracy of CMRS customer count information reported to the***
22 ***board by CMRS providers***.

23 The independent certified public accountant shall make a report of the audits to the
24 board and to the appropriate chief executive officer or officers of the CMRS
25 providers and PSAPs***, and to the local governments responsible for the formation***
26 ***of the PSAP. The independent certified public accountant shall also forward a***
27 ***copy of the audits conducted pursuant to this subsection to the Legislative***

1 ***Research Commission for referral to the appropriate committee or committees***
2 ***and to the Auditor of Public Accounts. Upon request, the independent certified***
3 ***accountant shall send any work papers related to the audits to the Auditor of***
4 ***Public Accounts***.[~~The board shall incorporate the auditor's findings in its studies of~~
5 ~~the CMRS service charge required by subsection (4) of this section.~~] All
6 information with respect to the audits shall be released to the public or published
7 only in aggregate amounts which do not identify or allow identification of numbers
8 of subscribers or revenues attributable to individual CMRS providers;
9 (14) To ensure that all carriers have an equal opportunity to participate in the wireless
10 E911 system;
11 (15) To ensure that wireless E911 systems are compatible with wireline E911 systems;
12 (16) To determine the appropriate method for disbursing funds to PSAP's based on
13 wireless workload under ***subsection (5)(b) of Section 10 of this Act***[~~KRS~~
14 ~~65.7631(3)(b)~~];
15 (17) To develop standards and protocols for the improvement and increased efficiency of
16 911 services in Kentucky;[~~and~~]
17 (18) To provide direct grants or state matches for federal, state, or private grants for the
18 establishment or improvement of the 911 emergency telecommunications system in
19 the Commonwealth***; and***
20 ***(19) To develop and implement standards for advancements and new technology in***
21 ***the operation of emergency telecommunications in the state, including the***
22 ***development and implementation of next generation 911 service***.
23 ➔Section 9. KRS 65.7630 is amended to read as follows:
24 (1) The[~~CMRS~~] board shall gather and report data and information regarding 911
25 emergency communications funding procedures and costs on or before ***November 1***
26 ***of each year***[~~August 1, 2011, and each August 1 thereafter~~].
27 (2) The[~~CMRS~~] board shall determine the information it needs to evaluate 911

1 funding, ***collection of the*** CMRS service ***charges***[~~charge collections~~], and
2 expenditures, and each local ***government***[~~governmental agency~~], state governmental
3 agency, wireless or wireline provider of technology capable of transmitting voice ***or***
4 ***text*** traffic for an emergency 911 request to a PSAP, and/or private citizen in
5 possession of that information shall provide the information to the board within the
6 time frames established by the board. The board may hire a consultant to gather and
7 analyze the information required by this section.
8 (3) Each local governmental agency and state governmental agency having jurisdiction
9 over one (1) or more public safety answering points (PSAPs) shall provide at least
10 the following information to the board ***each fiscal year***:
11 (a) ***The amount of revenue available or budgeted for 911 services from the***
12 ***following sources***[~~For each PSAP for fiscal years 2007-2008, 2008-2009,~~
13 ~~2009-2010, and 2010-2011~~]:
14 1. ***The state general fund***[~~Wireline 911 fees~~];
15 2. CMRS ***funds received through the distribution formula under Section***
16 ***10 of this Act***[~~Board fund money dispersed to the PSAP~~];
17 3. ***City and county general funds***[~~Direct grants or state matches for~~
18 ~~federal, state, or private grants; and~~]
19 4. ***CMRS grant funds***[~~Gifts or other amounts not otherwise reported in~~
20 ~~this paragraph; and~~]
21 ***5. Other grant funds and their sources; and***
22 ***6. Any other funds received for 911 service and their sources; and***
23 (b) How the revenue described in this paragraph was spent by the PSAPs.
24 (4) Each ***CMRS***[~~wireless or wireline~~] provider ***shall submit at least the following to***
25 ***the board:***[~~of technology capable of transmitting voice traffic for an emergency 911~~
26 ~~request to a PSAP shall report to the board the amount of reimbursements received~~
27 ~~in fiscal years 2007-2008, 2008-2009, 2009-2010, and 2010-2011.~~]

1 *(a) One (1) annual report each calendar year of the total number of active*
2 *CMRS connections in each zip code within Kentucky served by the provider*
3 *for each month during the year. The report shall be in the form and manner*
4 *prescribed by the board and shall be submitted no later than thirty (30) days*
5 *after the end of each year. Each CMRS provider shall include in its report*
6 *separate counts of the numbers of active CMRS connections attributable to*
7 *prepaid customers, postpaid customers, and wireless low-income Lifeline*
8 *customers served by the CMRS provider for each month. For the purposes*
9 *of this subsection, "active CMRS connection" means all CMRS*
10 *connections that have an account balance of units of time or dollars greater*
11 *than zero on any day of the month and includes every Lifeline end user for*
12 *whom the CMRS provider received reimbursement from the universal*
13 *service fund during the month under the wireless low-income Lifeline*
14 *program; and*
15 *(b) Upon request of the board, any other information needed to evaluate CMRS*
16 *service charge remittances to the board.*
17 (5) Each local governmental agency, state governmental agency, or wireless or wireline
18 provider of technology capable of transmitting voice traffic for an emergency 911
19 request to a PSAP that fails to provide the information required by this section shall
20 not be eligible to receive distributions of state funds from the CMRS Board.
21 (6) The CMRS Board shall promulgate administrative regulations in accordance with
22 KRS Chapter 13A to establish annual reporting requirements so that the board has
23 the information needed to monitor the use of 911 funds and the rate of the 911
24 service charge.
25 (7) All information received by the CMRS Board pursuant to this section shall be
26 subject to disclosure under KRS 61.870 to 61.884. Proprietary information given to
27 the board by any wireless or wireline provider of technology capable of transmitting

1 voice ***or text*** traffic for an emergency 911 request to a PSAP pursuant to this section
2 shall be subject to the same confidentiality as provided for proprietary information
3 under KRS 65.7639 ***and shall only be released or published in aggregate amounts***
4 ***which do not identify or allow identification of numbers of CMRS customers or***
5 ***revenues attributable to an individual CMRS provider***.
6 (8) The CMRS Board shall ensure that the Legislative Research Commission has
7 access to all data collected under this section and shall report this information to the
8 Legislative Research Commission's Interim Joint Committee on Veterans, Military
9 Affairs, and Public Protection by ***November***[~~August~~] 1 of each year. ***Upon request,***
10 ***the board shall also report this information to any public entity as defined in KRS***
11 ***65.310.***
12 ➔Section 10. KRS 65.7631 is amended to read as follows:
13 ***(1)*** The moneys in the CMRS fund shall be apportioned among the approved uses of
14 the fund as specified in this section. The board shall make individual disbursements
15 from the fund upon such terms and conditions necessary in view of the amount of
16 revenues on deposit at the time each request for disbursement is reviewed and
17 approved.
18 ***(2)***[~~(1)~~] Not more than two and one-half percent (2.5%) of the total monthly revenues
19 deposited into the CMRS fund shall be disbursed or reserved for disbursement by
20 the board to pay the administrative costs and expenses incurred in the operation of
21 the board ***in carrying out the functions and duties set forth in KRS 65.7621 to***
22 ***65.7643***[~~, including the compensation of the administrator and expenses incurred~~
23 ~~pursuant to KRS 65.7629(10), (11), (13), (16), (17), and (18). An additional sum,~~
24 ~~not to exceed two hundred fifty thousand dollars ($250,000), shall be available to~~
25 ~~the board from the fund to implement the wireless workload formula under~~
26 ~~subsection (3)(b) of this section~~].
27 ***(3)***[~~(2)~~] (a) ***Two and one-half percent (2.5%) of the total monthly revenues***

1 ***deposited into the CMRS fund shall be used solely for the purpose of***
2 ***reimbursing the actual expenses incurred by tier III CMRS providers from***
3 ***June 30, 2011 to January 1, 2016 for complying with requirements***
4 ***established by the FCC order. Reimbursement under this subsection is only***
5 ***available to tier III CMRS providers that:***
6 ***1. Have a cost recovery plan that was approved by the CMRS Board,***
7 ***predecessor in name to the Kentucky 911 Services Board, prior to***
8 ***June 30, 2011; and***
9 ***2. Had received approval for reimbursement from the CMRS Board,***
10 ***predecessor in name to the Kentucky 911 Services Board, prior to the***
11 ***effective date of this section.***
12 ***(b) When all reimbursements approved under this subsection have been paid,***
13 ***the two and one-half percent (2.5%) apportioned under this subsection shall***
14 ***be used solely for the purposes specified in subsection (5) of this section***[~~Not~~
15 ~~more than ten percent (10%) of the total monthly revenues deposited into the~~
16 ~~CMRS fund shall be disbursed or reserved for disbursement by the board to~~
17 ~~provide direct grants or matching money:~~
18 ~~1. For the establishment and improvement of E911 services in the~~
19 ~~Commonwealth;~~
20 ~~2. For incentives to create more efficient delivery of E911 services by local~~
21 ~~governments receiving funding under subsection (3) of this section;~~
22 ~~3. For improvement of 911 infrastructure by wireless carriers receiving funding~~
23 ~~under subsection (4) of this section; and~~
24 ~~4. For consolidation reimbursement of one hundred thousand dollars ($100,000)~~
25 ~~per PSAP, not to exceed two hundred thousand dollars ($200,000) per county,~~
26 ~~to any PSAP that consolidates with a CMRS-certified PSAP, or creates a~~
27 ~~newly consolidated Phase II compliant PSAP. Funds shall be applied toward~~

1 ~~the cost of consolidating. If a PSAP consolidates and receives reimbursement,~~
2 ~~the CMRS Board shall not certify a new PSAP within the same county for a~~
3 ~~period of ten (10) years.~~
4 ~~(b) When the balance of money collected under paragraph (a) of this subsection~~
5 ~~and not yet disbursed for direct grants or matching moneys exceeds two~~
6 ~~million dollars ($2,000,000), the excess amount shall be allocated under the~~
7 ~~provisions of subsections (3) and (4) of this section~~].
8 ***(4)***[~~(3)~~] ***Ten percent (10%) of the total monthly revenues deposited into the CMRS***
9 ***fund shall be disbursed or reserved for disbursement to provide direct grants,***
10 ***matching money, or funds to PSAPs as determined by the Kentucky 911 Services***
11 ***Board:***
12 ***(a) For the establishment and improvement of 911 services in the***
13 ***Commonwealth, including the implementation of next generation 911***
14 ***capacity;***
15 ***(b) For incentives to create more efficient delivery of 911 services by local***
16 ***governments receiving funding under subsection (5) of this section;***
17 ***(c) For improvement of 911 infrastructure by Tier III wireless providers***
18 ***receiving funding under this section; and***
19 ***(d) For consolidation reimbursement of two hundred thousand dollars***
20 ***($200,000) per PSAP, not to exceed four hundred thousand dollars***
21 ***($400,000) per county, to any PSAP that consolidates with a CMRS-***
22 ***certified PSAP, or creates a newly consolidated Phase II compliant PSAP.***
23 ***Funds shall be applied toward the cost of consolidating. If a PSAP***
24 ***consolidates and receives reimbursement, the Kentucky 911 Services Board***
25 ***shall not certify a new PSAP within the same county for a period of ten (10)***
26 ***years.***
27 ***When the balance of money collected under this paragraph and not yet***

1 ***obligated for permitted uses exceeds two million dollars ($2,000,000) in any***
2 ***fiscal year, the excess amount shall be allocated under subsection (5) of this***
3 ***section.***
4 ***(5)*** [~~From~~]The balance of the total monthly revenues deposited into the CMRS fund
5 after the amounts disbursed or reserved for disbursement under subsections ***(2), (3),***
6 ***and (4)***[~~(1) and (2)~~] of this section have been subtracted[~~, eighty percent (80%)~~]
7 shall be distributed to PSAPs eligible to receive disbursement from the CMRS fund
8 under subsection ***(6)***[~~(5)~~] of this section who actually request disbursement, as
9 follows:
10 (a) ***Fifty percent (50%) of the remaining balance to be allocated under this***
11 ***subsection***[~~Forty percent (40%)~~] shall be distributed according to the "PSAP
12 pro rata formula," whereby each receives a percentage determined by dividing
13 one (1) by the total number of PSAPs eligible to request and actually
14 requesting disbursements under subsection ***(6)***[~~(5)~~] of this section. Any
15 PSAPs certified before January 1, 2004, or for more than three (3) years, that
16 choose to consolidate their operations shall continue to receive pro-rata shares
17 as if they remained separate and distinct entities. The consolidated entity must
18 be certified to receive funds under subsection ***(6)***[~~(5)~~] of this section; and
19 (b) ***Fifty percent (50%) of the remaining balance to be allocated under this***
20 ***subsection***[~~Forty percent (40%)~~] shall be distributed according to a method
21 chosen by the board and based on the wireless workload of the PSAP.
22 Methods to be considered may be based on the number of wireless 911 calls
23 answered by each PSAP, the number of wireless phone users served by each
24 PSAP, or any other method deemed by the board to be reasonable and
25 equitable. The method chosen ***by the board*** shall be promulgated as a
26 regulation under KRS 65.7633.
27 All amounts distributed to PSAPs under this subsection shall be used by the PSAPs

solely for the purposes of answering, routing, and properly disposing of CMRS 911 calls, training PSAP staff, ***and*** public education concerning appropriate use of 911, ***in accordance with subsections (4) and (5) of Section 3 of this Act. Additionally, amounts distributed to PSAPs under this subsection may be used for the purposes of*** [~~and of~~]complying with the wireless E911 service requirements established by the FCC order and any rules and regulations which are or may be adopted by the Federal Communications Commission pursuant to the FCC order, including the payment of costs and expenses incurred in designing, upgrading, purchasing, leasing, programming, testing, installing, or maintaining all necessary data, hardware, and software required in order to provide wireless E911 service.

[~~(4) The balance of the total monthly revenues deposited into the CMRS fund which remains after the disbursements or disbursement reservations prescribed by subsections (1), (2), and (3) of this section have been made shall be distributed to CMRS providers licensed to do business in the Commonwealth solely for the purpose of reimbursing the actual expenses incurred by the CMRS providers in complying with the wireless E911 service requirements established by the FCC order and any rules and regulations which are or may be adopted by the Federal Communications Commission in carrying out the FCC order, including but not limited to costs and expenses incurred for designing, upgrading, purchasing, leasing, programming, testing, installing, or maintaining all necessary data, hardware, and software required in order to provide wireless E911 service. Sworn invoices shall be presented to the board in connection with any request for reimbursement under this subsection, and approval by a majority vote of the board shall be required prior to any disbursement, which approval shall not be withheld unreasonably. No payment shall be made to any provider who is not in compliance with all requirements of this chapter and the FCC order. In no event shall any invoice for reimbursement be approved for payment of costs that are not related to~~

1 ~~compliance with requirements established by the FCC order. If the total amount of~~
2 ~~invoices submitted to the CMRS Board and approved for payment exceeds the~~
3 ~~amount in the CMRS fund in any month, CMRS providers that have invoices~~
4 ~~approved for payment shall receive a pro rata share of the fund available that month,~~
5 ~~based on approved invoices, and the balance of the payments shall be carried over~~
6 ~~to the following months until all of the approved payments are made.]~~
7 ***(6)***[~~(5)~~] ***(a)*** Notwithstanding any other provision of the law, no PSAP shall be
8 eligible to request or receive a disbursement from the CMRS fund under
9 ***subsections (4)(a) or (b) or (5)***[~~ subsection (3)~~] of this section unless and until
10 the PSAP:
11 ***1.***[~~(a)~~] Is expressly certified as a PSAP by the ***Kentucky 911***
12 ***Services***[~~CMRS~~] Board, upon written application to the[~~ CMRS~~] board;
13 ***2.***[~~(b)~~] Demonstrates that the PSAP is providing E911 services to a local
14 government that has adopted an ordinance either imposing a special tax,
15 license, or fee as authorized by KRS 65.760(3) or has established other
16 means of funding wireline 911 emergency[~~ telephone~~] service;
17 ***3.***[~~(c)~~] Demonstrates that the administrator of the PSAP sent a request for
18 wireless, E911 service to a CMRS provider, and that the infrastructure
19 of the local exchange carrier will support wireless E911 service;
20 ***4.***[~~(d)~~] Provides an accounting of the number of wireless E911 calls
21 received by the PSAP during the prior calendar year if requested by the
22 board; and
23 ***5.***[~~(e)~~] Demonstrates that the PSAP has made the investment which is
24 necessary to allow the PSAP to receive and utilize the data elements
25 associated with wireless E911 service.
26 ***(b) In addition to the requirements of paragraph (a) of this subsection and in***
27 ***order to encourage the additional consolidation of PSAPs by local***

1 ***governments and state government agencies, after January 1, 2017, a PSAP***
2 ***shall receive priority consideration for distributions of funds from***
3 ***subsection (4)(a) and (b) of this section as follows:***
4 ***1. A PSAP that is not a state police dispatch center and that covers all***
5 ***local governments within two (2) or more counties shall receive first***
6 ***priority in the distribution of the funds by the board;***
7 ***2. A PSAP, including any state police dispatch center, that covers all the***
8 ***local governments within a single county shall receive second priority***
9 ***in the distribution of the funds by the board; and***
10 ***3. A PSAP that does not cover all of the local governments within a***
11 ***single county shall receive the last priority for the distribution of the***
12 ***funds listed in this subsection by the board.***
13 ➔Section 11. KRS 65.7633 is amended to read as follows:
14 (1) The ***Kentucky 911 Services***~~[CMRS]~~ Board shall implement the provisions of KRS
15 65.7621 to 65.7643 through the promulgation of administrative regulations in
16 accordance with the provisions of KRS Chapter 13A.
17 (2) ~~[As soon as practicable after its creation,]~~The board shall promulgate regulations:
18 (a) Establishing procedures for the submission of plans or modifications of plans
19 to the board, for its review and approval or disapproval, for complying with
20 the wireless E911 service requirements established by the FCC order and any
21 rules and regulations which are or may be adopted by the Federal
22 Communications Commission in carrying out the FCC order, including but
23 not limited to projections of anticipated costs and expenses necessary for
24 designing, upgrading, purchasing, leasing, programming, testing, installing, or
25 maintaining on an ongoing basis all necessary data, hardware, and software
26 required in order to provide this service;
27 (b) Establishing procedures and guidelines to be followed by the board in

1 reviewing, evaluating, and approving or disapproving the plans or
2 modifications of plans that are submitted to it in accordance with the
3 procedures promulgated under paragraph (a) of this subsection;
4 (c) Establishing procedures and guidelines to be followed by the board in
5 reviewing, evaluating, and approving or disapproving disbursements from the
6 CMRS fund and requests for disbursements under KRS 65.7631***(3), (4), and***
7 ***(5)***[~~(2), (3), and (4)~~]; and
8 (d) Establishing procedures and guidelines for resolving disputes regarding
9 reimbursable costs and expenses under KRS 65.7631***(3), (4), and (5)***[~~(2), (3),~~
10 ~~and (4)~~].
11 ➔Section 12. KRS 65.7635 is amended to read as follows:
12 (1) Each CMRS provider shall act as a collection agent ***of the CMRS postpaid service***
13 ***charge*** for the CMRS fund. From its customers, the provider shall, as part of the
14 provider's billing process, collect the CMRS ***postpaid*** service charges levied upon
15 CMRS connections under KRS 65.7629(3) from each CMRS connection to whom
16 the billing provider provides CMRS. Each billing provider shall list the CMRS
17 ***postpaid*** service charge as a separate entry on each bill which includes a CMRS
18 ***postpaid*** service charge. If a CMRS provider receives a partial payment for a
19 monthly bill from a CMRS customer, the provider shall first apply the payment
20 against the amount the CMRS customer owes the CMRS provider. For CMRS
21 customers who purchase CMRS services on a prepaid basis, the CMRS service
22 charge shall be determined according to one (1) of the following methodologies as
23 elected by the CMRS provider***, until January 1, 2017, at which time the CMRS***
24 ***prepaid service charge imposed under Section 15 of this Act and collected under***
25 ***Sections 16 to 23 of this Act shall take effect and paragraphs (a) and (b) of this***
26 ***subsection shall no longer be in force***:
27 (a) The CMRS provider shall collect, on a monthly basis, the CMRS service

1 charge specified in KRS 65.7629(3) from each active customer whose account
2 balance is equal to or greater than the amount of service charge; or
3 (b) The CMRS provider shall divide its total earned prepaid wireless telephone
4 revenue received with respect to its prepaid customers in the Commonwealth
5 within the monthly 911 emergency~~[telephone]~~ service reporting period by
6 fifty dollars ($50), multiply the quotient by the service charge amount, and pay
7 the resulting amount to the board~~[; or~~
8 ~~(c) In the case of CMRS providers that do not have the ability to access or debit~~
9 ~~end-user accounts, and do not have retail contact with the end user or~~
10 ~~purchaser of prepaid wireless airtime, the CMRS service charge and collection~~
11 ~~methodology may be determined by administrative regulations promulgated~~
12 ~~by the board to collect the service charge from such end users]~~.
13 (2) A CMRS provider has no obligation to take any legal action to enforce the
14 collection of the CMRS ***postpaid*** service charges for which any CMRS customer is
15 billed. Collection actions to enforce the collection of the CMRS ***postpaid*** service
16 charge against any CMRS customer may, however, be initiated by the state, on
17 behalf of the board, in the Circuit Court of the county where the bill for CMRS
18 service is regularly delivered, and the reasonable costs and attorneys' fees which are
19 incurred in connection with any such collection action may be awarded by the court
20 to the prevailing party in the action.
21 (3) State and local taxes shall not apply to ***a separately stated*** CMRS ***postpaid*** service
22 ***charge***~~[charges]~~.
23 (4) To reimburse itself for the cost of collecting and remitting the CMRS ***postpaid***
24 service charge, each CMRS provider may deduct and retain from the CMRS
25 ***postpaid*** service charges it collects during each calendar month an amount not to
26 exceed one and one-half percent (1.5%) of the gross aggregate amount of CMRS
27 ***postpaid*** service charges it collected that month.

1 (5) All CMRS ***postpaid*** service charges imposed under KRS 65.7621 to 65.7643
2 collected by each CMRS provider, less the administrative fee described in
3 subsection (4) of this section, are due and payable to the board monthly and shall be
4 remitted on or before ***thirty (30)***[~~sixty (60)~~] days after the end of the calendar
5 month. Collection actions may be initiated by the state, on behalf of the board, in
6 the Franklin Circuit Court or any other court of competent jurisdiction, and the
7 reasonable costs and attorneys' fees which are incurred in connection with any such
8 collection action may be awarded by the court to the prevailing party in the action.
9 ➔Section 13. KRS 65.7641 is amended to read as follows:
10 Wireless emergency telephone service shall not be used for personal use but shall be used
11 solely for the purpose of communications by the public in emergency situations. Any
12 person who knowingly uses or attempts to use wireless emergency telephone service for a
13 purpose other than obtaining public safety assistance or who knowingly uses or attempts
14 to use wireless emergency telephone service in an effort to avoid any CMRS ***service***
15 charges shall be guilty of a Class A misdemeanor. If the value of the wireless emergency
16 telephone service obtained in a manner prohibited by this section or the value of the
17 CMRS ***service*** charges exceeds ***five***[~~one~~] hundred dollars ***($500)***[~~($100)~~], the offense may
18 be prosecuted as a Class D felony.
19 ➔Section 14. KRS 139.105 is amended to read as follows:
20 (1) (a) For purposes of the retailer's obligation to pay or collect and remit the taxes
21 imposed by KRS 139.200,[~~ and~~] 139.310, ***and Section 15 of this Act,*** the
22 retailer shall source retail sales not addressed in subsections (2), (3), and (4) of
23 this section as follows:
24 1. Over the counter. When the purchaser receives tangible personal
25 property, digital property, or service at a business location of the retailer,
26 the sale is sourced to that business location;
27 2. Delivery to a specified address. When a purchaser or purchaser's donee

1 receives tangible personal property, digital property, or service at a
2 location specified by the purchaser, the sale is sourced to that location;
3 or
4 3. Address unknown. When the retailer of a product does not know the
5 address where the tangible personal property, digital property, or service
6 is received, the sale is sourced to the first address listed in this paragraph
7 that is known to the retailer:
8 a. The address of the purchaser;
9 b. The billing address of the purchaser;
10 c. The address of the purchaser's payment instrument; or
11 d. The address from which the tangible personal property was
12 shipped; from which the computer software delivered
13 electronically or the digital property transferred electronically was
14 first available for transmission by the retailer; or from which the
15 service was provided, disregarding for these purposes any location
16 that merely provided the actual digital transfer of the product sold.
17 (b) Nothing included in this subsection shall affect the obligation of a purchaser
18 to remit use tax pursuant to KRS 139.310.
19 (2) The retailer shall source communications services as follows:
20 (a) A sale of mobile telecommunications services, other than air-ground
21 radiotelephone service and prepaid wireless calling service, shall be sourced to
22 the customer's or other purchaser's place of primary use;
23 (b) A sale of postpaid calling service shall be sourced to the origination point of
24 the telecommunications signal as first identified by either the retailer's
25 telecommunications system or information received by the retailer from its
26 service provider, where the system used to transport the signals is not that of
27 the retailer;

1 (c) A sale of prepaid calling service or a sale of a prepaid wireless calling service
2 shall be sourced according to the provisions of subsection (1) of this section.
3 If the sale is of a prepaid wireless calling service and the retailer does not
4 know the address where the service is received, the sale shall be sourced to the
5 first of the following that is known by the retailer:
6 1. The address of the customer available from the business records of the
7 retailer;
8 2. The billing address of the customer;
9 3. The address from which the service was provided; or
10 4. The location associated with the mobile telephone number;
11 (d) A sale of a private communications service shall be sourced as follows:
12 1. Service for a separate charge related to a customer channel termination
13 point shall be sourced to each level of jurisdiction in which the customer
14 channel termination point is located.
15 2. Service where all customer termination points are located entirely within
16 one (1) jurisdiction or levels of jurisdiction is sourced in the jurisdiction
17 in which the customer channel termination points are located.
18 3. Service for segments of a channel between two (2) customer channel
19 termination points located in different jurisdictions and which segments
20 of channel are separately charged shall be sourced fifty percent (50%) in
21 each level of jurisdiction in which the customer channel termination
22 points are located.
23 4. Service for segments of a channel located in more than one (1)
24 jurisdiction or levels of jurisdiction and which segments are not
25 separately billed shall be sourced in each jurisdiction based on the
26 percentage determined by dividing the number of customer channel
27 termination points in the jurisdiction by the total number of customer

1 channel termination points;
2 (e) A sale of an ancillary service is sourced to the customer's place of primary
3 use; and
4 (f) A sale of other communications services:
5 1. Sold on a call-by-call basis shall be sourced based on the taxing
6 jurisdiction where the call either originates or terminates and in which
7 the service address is also located; or
8 2. Sold on a basis other than a call-by-call basis shall be sourced to the
9 customer's or other purchaser's place of primary use.
10 (3) Florist wire sales shall be sourced in accordance with an administrative regulation
11 promulgated by the department.
12 (4) Advertising and promotional direct mail and other direct mail shall be sourced as
13 provided in KRS 139.777.
14 ➔SECTION 15. A NEW SECTION OF KRS 65.7621 TO 65.7643 IS CREATED
15 TO READ AS FOLLOWS:
16 ***(1) Beginning January 1, 2017, a CMRS prepaid service charge shall be imposed at***
17 ***a flat rate of ninety-three cents ($0.93) on each retail transaction involving the***
18 ***purchase or sale of:***
19 ***(a) Cellular phones preloaded with a set dollar amount for minutes or units of***
20 ***air time, or sold with rebates for air time;***
21 ***(b) Calling cards for cellular phones preloaded with a set dollar amount for***
22 ***minutes of units or air time;***
23 ***(c) The recharging of a reusable cellular phone calling card; and***
24 ***(d) The recharging of a cellular phone itself with additional minutes or units of***
25 ***air time.***
26 ***(2) The CMRS prepaid service charge imposed by subsection (1) of this section shall***
27 ***be collected by the retailer from the purchaser at the time of purchase for each***

1 *purchase sourced to this state as provided in Section 14 of this Act. The amount*
2 *of the CMRS prepaid service charge shall be either separately stated on an*
3 *invoice, receipt, or other similar document that is provided to the purchaser by*
4 *the retailer, or otherwise disclosed to the purchaser.*
5 *(3) The CMRS prepaid service charge shall be paid by the purchaser, and shall not*
6 *constitute a liability of the retailer or of any prepaid wireless telecommunications*
7 *service provider.*
8 *(4) All amounts collected by the retailer shall be deemed to be held in trust by the*
9 *retailer for and on account of the Commonwealth, shall constitute a debt of the*
10 *retailer to the Commonwealth, and shall be remitted to the Department of*
11 *Revenue as provided in Sections 16 to 23 of this Act.*
12 *(5) The CMRS prepaid service charge amount collected by a retailer from a*
13 *purchaser shall not be included in the base for measuring any tax, fee,*
14 *surcharge, or other charge that is imposed by the state, any political subdivision*
15 *of the state, or any intergovernmental agency if the amount is separately stated*
16 *on an invoice, receipt, or a similar document provided to the consumer by the*
17 *retailer.*
18 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
19 READ AS FOLLOWS:
20 *As used in Sections 16 to 23 of this Act:*
21 *(1) "Board" means the Kentucky 911 Services Board established in Section 5 of this*
22 *Act;*
23 *(2) "Department" means the Kentucky Department of Revenue;*
24 *(3) "Fund" means the CMRS fund established in Section 7 of this Act;*
25 *(4) "CMRS prepaid service charge" means the charge imposed on prepaid wireless*
26 *telecommunications service under Section 15 of this Act;*
27 *(5) "Purchaser" means a person who purchases prepaid wireless*

1 *telecommunications service in a retail transaction;*
2 *(6) "Retail transaction" means the purchase of prepaid wireless telecommunications*
3 *service from a retailer for any purpose other than resale; and*
4 *(7) "Retailer" means a person who sells prepaid wireless telecommunications service*
5 *to any person for a purpose other than resale.*
6 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
7 READ AS FOLLOWS:
8 *(1) The department shall collect the CMRS prepaid service charge and remit the*
9 *revenues to the CMRS fund as provided in Sections 16 to 23 of this Act.*
10 *(2) A retailer shall collect the CMRS prepaid service charge from consumers*
11 *pursuant to Section 15 of this Act, and shall remit the amounts collected to the*
12 *department on a monthly basis, on or before the twentieth day of the next*
13 *calendar month.*
14 *(3) The CMRS prepaid service charge collected by the retailer from any consumer*
15 *shall:*
16 *(a) Be deemed to be held in trust by the retailer for and on account of the*
17 *Commonwealth; and*
18 *(b) Constitute a debt of the retailer to the Commonwealth.*
19 ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
20 READ AS FOLLOWS:
21 *Each retailer shall file an application for a certificate of registration with the*
22 *department within sixty (60) days of the effective date of this Act. Each retailer seeking*
23 *to sell or provide prepaid wireless telecommunications service in Kentucky for the first*
24 *time shall, prior to selling or providing prepaid wireless telecommunications service,*
25 *file an application for a certificate of registration with the department. The application*
26 *shall be in the form and manner prescribed by the department. The application shall be*
27 *signed by an executive officer or a person specifically authorized by the retailer to sign*

1 ***the application.***

2 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
3 READ AS FOLLOWS:

4 ***(1) On or before the twentieth day of the month, each retailer shall file a return for***
5 ***the preceding month with the department in a form prescribed by the department,***
6 ***together with payment of any CMRS prepaid service charges collected during the***
7 ***preceding month.***

8 ***(2) The return shall be signed by the person required to file the return or a duly***
9 ***authorized agent.***

10 ***(3) To reimburse itself for the cost of collecting and remitting the CMRS prepaid***
11 ***service charge, each retailer may deduct and retain from the CMRS prepaid***
12 ***service charge it collects during each calendar month an amount not to exceed***
13 ***three percent (3%) of the gross aggregate amount of the CMRS prepaid service***
14 ***charges it collected that month.***

15 ➔SECTION 20. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
16 READ AS FOLLOWS:

17 ***(1) As soon as practicable after each return required by Section 19 of this Act is***
18 ***received, the department may examine and audit the return. If the amount due as***
19 ***computed by the department is greater than the amount remitted by the retailer,***
20 ***the difference shall be assessed by the department on behalf of the board within***
21 ***four (4) years from the date prescribed by law for filing of the return, except as***
22 ***provided in this section. A notice of assessment shall be mailed to the retailer.***

23 ***(2) In case of a failure to file a return or the filing of a fraudulent return, the***
24 ***resulting arrearage may be assessed by the department at any time.***

25 ***(3) A retailer may request a review of an action of the department and shall have the***
26 ***rights of protest and appeal as set forth in KRS 131.110.***

27 ➔SECTION 21. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO

1 READ AS FOLLOWS:

2 *(1) Each retailer shall keep records, receipts, invoices, and other pertinent papers in*
3 *the form that the department requires.*

4 *(2) Each retailer who files the returns required by Section 19 of this Act shall keep*
5 *records for not less than four (4) years from the making of the records, unless the*
6 *department in writing authorizes their destruction at an earlier date.*

7 ➔SECTION 22. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
8 READ AS FOLLOWS:

9 *(1) The department shall administer the provisions of Sections 16 to 23 of this Act,*
10 *and shall have all of necessary powers, rights, duties, and authority with respect*
11 *to the assessment, collection, and administration of the CMRS prepaid service*
12 *charge.*

13 *(2) Any CMRS prepaid service charges not paid on or before the due date shall bear*
14 *interest at the interest rate established by KRS 131.183 from the date due until the*
15 *date of payment.*

16 *(3) The provisions of KRS 131.180 shall apply to the CMRS prepaid service charge*
17 *for the purposes of assessing and imposing penalties.*

18 *(4) The board shall fully cooperate with the department and shall provide the*
19 *department with any information requested to carry out the provisions of Sections*
20 *16 to 23 of this Act.*

21 *(5) The CMRS prepaid service charge imposed and collected pursuant to Section 15*
22 *and 16 to 23 of this Act may be refunded or credited as provided in KRS 134.580*
23 *in the case of over payment or payment when no fee was due.*

24 ➔SECTION 23. A NEW SECTION OF KRS CHAPTER 142 IS CREATED TO
25 READ AS FOLLOWS:

26 *(1) The department shall transmit the amounts remitted to it by retailers as required*
27 *by Section 17 of this Act to the board on a monthly basis. From each deposit, the*

1 ***department may deduct an amount equal to the actual operating and overhead***
2 ***expenses incurred in the collection and administration of the CMRS prepaid***
3 ***service charge, not to exceed one percent (1%) of the amount collected. The***
4 ***department shall report its actual expenses to the board on a quarterly basis.***
5 ***(2) The department shall provide a monthly report of receipts from the CMRS***
6 ***prepaid service charge to the board.***
7 ***(3) Moneys held by the department prior to their transfer to the board shall not be***
8 ***considered property of the Commonwealth and shall not be subject to***
9 ***appropriation by the General Assembly. Such moneys shall not be:***
10 ***(a) Loaned to the Commonwealth or to any instrumentality or agency thereof;***
11 ***(b) Subject to transfer to the Commonwealth or any agency or instrumentality***
12 ***thereof, except for purposes specifically authorized by this section; or***
13 ***(c) Expended for any purpose other than a purpose authorized by KRS 65.7621***
14 ***to 65.7643.***
15 ➔Section 24. KRS 39G.040 is amended to read as follows:
16 The[~~ Commercial Mobile Radio Service Emergency Telecommunications Board of~~]
17 Kentucky ***911 Services Board***, created in KRS 65.7623, shall be attached to the Office of
18 Homeland Security for administrative purposes.
19 ➔Section 25. KRS 65.755 is amended to read as follows:
20 Every telephone company within the Commonwealth shall reserve the initial digits 9-1-1
21 for use as an emergency telephone number. The company shall assign this number within
22 an exchange only to a public body or other applicant for the establishment of 911
23 emergency[~~ telephone~~] service.
24 ➔Section 26. KRS 278.541 is amended to read as follows:
25 In addition to the definitions set forth in KRS 278.010 and 278.516(2), the following
26 definitions shall apply to KRS 278.541 to 278.544:
27 (1) "Basic local exchange service" means a retail telecommunications service

1 consisting of a primary, single, voice-grade line provided to the premises of
2 residential or business customers with the following features and functions only:
3 (a) Unlimited calls within the telephone utility's local exchange area;
4 (b) Dual-tone multifrequency dialing; and
5 (c) Access to the following:
6 1. ~~[Emergency]~~911 ***emergency***~~[telephone]~~ service;
7 2. All locally available interexchange companies;
8 3. Directory assistance;
9 4. Operator services;
10 5. Relay services; and
11 6. A standard alphabetical directory listing that includes names, addresses,
12 and telephone numbers at no additional charge.
13 With respect to local exchange carriers, basic local exchange service also shall
14 include any mandatory extended area service routes accessible as a local call within
15 that exchange area on or before July 12, 2006. Basic local exchange service does
16 not include any features or functions other than those listed in this subsection, nor
17 any other communications service, even if such service should include features and
18 functions listed herein;
19 (2) "Electing utility" means a telephone utility that elects to operate under KRS
20 278.543;
21 (3) "Local exchange carrier" or "LEC" has the same meaning as defined in 47 U.S.C.
22 sec. 153(26);
23 (4) "Incumbent local exchange carrier" or "ILEC" has the same meaning as defined in
24 47 U.S.C. sec. 251(h);
25 (5) "Nonbasic service" means all retail telecommunications services provided to a
26 residential or business customer, all arrangements with respect to those services,
27 and all packages of products or services; provided, however, nonbasic service

1 includes basic local exchange service only if the customer chooses to purchase a
2 package that includes basic local exchange service as a component of the package;
3 (6) "Optional telephone feature" means any of those central office-based features that
4 were tariffed by a local exchange carrier on or before February 1, 2006, that, where
5 available:
6 (a) Are available to a line-side connection in a telephone switch:
7 (b) Are available on a stand-alone basis separate from a bundled offering; and
8 (c) Enhance the utility of basic local exchange service.
9 The term includes but is not limited to call forwarding, call waiting, and caller ID;
10 (7) "Package" means combinations of retail products or services offered, whether at a
11 single price or with the availability of the price for one (1) product or service
12 contingent on the purchase of others; and
13 (8) "Telephone utility" includes local exchange carriers and telecommunications
14 carriers as those terms are defined in 47 U.S.C. sec. 153 and any federal regulations
15 implementing that section, except that the definition shall not include commercial
16 mobile radio service providers as defined in 47 U.S.C. sec. 332 and the Federal
17 Communications Commission's lawful regulations promulgated thereunder.
18 ➔Section 27. KRS 278.542 is amended to read as follows:
19 (1) Nothing in KRS 278.541 to 278.544 shall affect the commission's jurisdiction with
20 respect to:
21 (a) Any agreement or arrangement between or among ILECs;
22 (b) Any agreement or arrangement between or among ILECs and other local
23 exchange carriers;
24 (c) Consumer complaints as to compliance with basic local exchange service
25 obligations, and the quality of basic voice-grade service transmission for basic
26 and nonbasic services, consistent with accepted industry standards for
27 telecommunications services;

1 (d) The~~[emergency]~~ 911 ***emergency***~~[telephone]~~ service as set forth in KRS
2 65.750 to 65.760 or wireless enhanced emergency 911 systems as set forth in
3 KRS 65.7621 to 65.7643;
4 (e) Accuracy of billing for telecommunications services, in accordance with the
5 truth-in-billing regulations prescribed by the Federal Communications
6 Commission;
7 (f) Assessments as set forth in KRS 278.130, 278.140, and 278.150;
8 (g) Unauthorized change of telecommunications providers or "slamming" under
9 KRS 278.535;
10 (h) Billing of telecommunications services not ordered by or on behalf of the
11 consumer or "cramming" to the extent that such services do not comply with
12 the truth-in-billing regulations prescribed by the Federal Communications
13 Commission;
14 (i) The federal Universal Service Fund and Lifeline Services Program and any
15 Kentucky state counterpart;
16 (j) Any special telephone service programs as set forth in KRS 278.547 to
17 278.5499;
18 (k) Tariffs, except as expressly provided for in KRS 278.541 to 278.544;
19 (l) Setting objectives for performance as to basic local exchange service; except
20 that the objectives shall not exceed existing commission standards or
21 associated penalties as of July 12, 2006;
22 (m) Prohibiting price differences among retail telecommunications customers to
23 the extent that such differences are attributable to race, creed, color, religion,
24 sex, or national origin; or
25 (n) Ensuring that a telephone utility furnishes safe, adequate, and reasonable basic
26 local exchange service to customers within that utility's service area.
27 (2) Telephone utilities operating pursuant to KRS 278.541 to 278.544 shall file with the

1 commission a form containing:
2 (a) The complete name of the telephone utility;
3 (b) The physical address of its principal office; and
4 (c) The name, title, and telephone number of the person responsible for answering
5 consumer complaints on behalf of the telephone utility.
6 (3) No telephone utility shall engage in predatory pricing as defined by the United
7 States Supreme Court in Brooke Group Ltd. v. Brown & Williamson Tobacco
8 Corp., 509 U.S. 209 (1993).
9 (4) Nothing in KRS 278.541 to 278.544 shall affect the alternative regulation process
10 for small telephone utilities as set forth in KRS 278.516.
11 ➔Section 28. KRS 139.470 is amended to read as follows:
12 There are excluded from the computation of the amount of taxes imposed by this chapter:
13 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this
14 state of, tangible personal property or digital property which this state is prohibited
15 from taxing under the Constitution or laws of the United States, or under the
16 Constitution of this state;
17 (2) Gross receipts from sales of, and the storage, use, or other consumption in this state
18 of:
19 (a) Nonreturnable and returnable containers when sold without the contents to
20 persons who place the contents in the container and sell the contents together
21 with the container; and
22 (b) Returnable containers when sold with the contents in connection with a retail
23 sale of the contents or when resold for refilling;
24 As used in this section the term "returnable containers" means containers of a kind
25 customarily returned by the buyer of the contents for reuse. All other containers are
26 "nonreturnable containers";
27 (3) Gross receipts from the sale of, and the storage, use, or other consumption in this

1 state of, tangible personal property used for the performance of a lump-sum, fixed-
2 fee contract of public works executed prior to February 5, 1960;
3 (4) Gross receipts from occasional sales of tangible personal property or digital
4 property and the storage, use, or other consumption in this state of tangible personal
5 property or digital property, the transfer of which to the purchaser is an occasional
6 sale;
7 (5) Gross receipts from sales of tangible personal property to a common carrier,
8 shipped by the retailer via the purchasing carrier under a bill of lading, whether the
9 freight is paid in advance or the shipment is made freight charges collect, to a point
10 outside this state and the property is actually transported to the out-of-state
11 destination for use by the carrier in the conduct of its business as a common carrier;
12 (6) Gross receipts from sales of tangible personal property sold through coin-operated
13 bulk vending machines, if the sale amounts to fifty cents ($0.50) or less, if the
14 retailer is primarily engaged in making the sales and maintains records satisfactory
15 to the department. As used in this subsection, "bulk vending machine" means a
16 vending machine containing unsorted merchandise which, upon insertion of a coin,
17 dispenses the same in approximately equal portions, at random and without
18 selection by the customer;
19 (7) Gross receipts from sales to any cabinet, department, bureau, commission, board, or
20 other statutory or constitutional agency of the state and gross receipts from sales to
21 counties, cities, or special districts as defined in KRS 65.005. This exemption shall
22 apply only to purchases of tangible personal property, digital property, or services
23 for use solely in the government function. A purchaser not qualifying as a
24 governmental agency or unit shall not be entitled to the exemption even though the
25 purchaser may be the recipient of public funds or grants;
26 (8) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky
27 residents for use in heating, water heating, cooking, lighting, and other

1 residential uses. As used in this subsection, "fuel" shall include but not be
2 limited to natural gas, electricity, fuel oil, bottled gas, coal, coke, and wood.
3 Determinations of eligibility for the exemption shall be made by the
4 Department of Revenue;
5 (b) In making the determinations of eligibility, the department shall exempt from
6 taxation all gross receipts derived from sales:
7 1. Classified as "residential" by a utility company as defined by applicable
8 tariffs filed with and accepted by the Public Service Commission;
9 2. Classified as "residential" by a municipally owned electric distributor
10 which purchases its power at wholesale from the Tennessee Valley
11 Authority;
12 3. Classified as "residential" by the governing body of a municipally owned
13 electric distributor which does not purchase its power from the
14 Tennessee Valley Authority, if the "residential" classification is
15 reasonably consistent with the definitions of "residential" contained in
16 tariff filings accepted and approved by the Public Service Commission
17 with respect to utilities which are subject to Public Service Commission
18 regulation.
19 If the service is classified as residential, use other than for "residential"
20 purposes by the customer shall not negate the exemption;
21 (c) The exemption shall not apply if charges for sewer service, water, and fuel are
22 billed to an owner or operator of a multi-unit residential rental facility or
23 mobile home and recreational vehicle park other than residential
24 classification; and
25 (d) The exemption shall apply also to residential property which may be held by
26 legal or equitable title, by the entireties, jointly, in common, as a
27 condominium, or indirectly by the stock ownership or membership

1 representing the owner's or member's proprietary interest in a corporation
2 owning a fee or a leasehold initially in excess of ninety-eight (98) years;
3 (9) Gross receipts from sales to an out-of-state agency, organization, or institution
4 exempt from sales and use tax in its state of residence when that agency,
5 organization, or institution gives proof of its tax-exempt status to the retailer and the
6 retailer maintains a file of the proof;
7 (10) Gross receipts derived from the sale of, and the storage, use, or other consumption
8 in this state of, tangible personal property to be used in the manufacturing or
9 industrial processing of tangible personal property at a plant facility and which will
10 be for sale. The property shall be regarded as having been purchased for resale.
11 "Plant facility" shall have the same meaning as defined in KRS 139.010. For
12 purposes of this subsection, a manufacturer or industrial processor includes an
13 individual or business entity that performs only part of the manufacturing or
14 industrial processing activity and the person or business entity need not take title to
15 tangible personal property that is incorporated into, or becomes the product of, the
16 activity.
17 (a) Industrial processing includes refining, extraction of petroleum and natural
18 gas, mining, quarrying, fabricating, and industrial assembling. As defined
19 herein, tangible personal property to be used in the manufacturing or industrial
20 processing of tangible personal property which will be for sale shall mean:
21 1. Materials which enter into and become an ingredient or component part
22 of the manufactured product;
23 2. Other tangible personal property which is directly used in manufacturing
24 or industrial processing, if the property has a useful life of less than one
25 (1) year. Specifically these items are categorized as follows:
26 a. Materials. This refers to the raw materials which become an
27 ingredient or component part of supplies or industrial tools exempt

1 under subdivisions b. and c. below.
2 b. Supplies. This category includes supplies such as lubricating and
3 compounding oils, grease, machine waste, abrasives, chemicals,
4 solvents, fluxes, anodes, filtering materials, fire brick, catalysts,
5 dyes, refrigerants, explosives, etc. The supplies indicated above
6 need not come in direct contact with a manufactured product to be
7 exempt. "Supplies" does not include repair, replacement, or spare
8 parts of any kind.
9 c. Industrial tools. This group is limited to hand tools such as jigs,
10 dies, drills, cutters, rolls, reamers, chucks, saws, spray guns, etc.,
11 and to tools attached to a machine such as molds, grinding balls,
12 grinding wheels, dies, bits, cutting blades, etc. Normally, for
13 industrial tools to be considered directly used in manufacturing,
14 they shall come into direct contact with the product being
15 manufactured; and
16 3. Materials and supplies that are not reusable in the same manufacturing
17 process at the completion of a single manufacturing cycle, excluding
18 repair, replacement, or spare parts of any kind. A single manufacturing
19 cycle shall be considered to be the period elapsing from the time the raw
20 materials enter into the manufacturing process until the finished product
21 emerges at the end of the manufacturing process.
22 (b) It shall be noted that in none of the three (3) categories is any exemption
23 provided for repair, replacement, or spare parts. Repair, replacement, or spare
24 parts shall not be considered to be materials, supplies, or industrial tools
25 directly used in manufacturing or industrial processing. "Repair, replacement,
26 or spare parts" shall have the same meaning as set forth in KRS 139.010;
27 (11) Any water use fee paid or passed through to the Kentucky River Authority by

1 facilities using water from the Kentucky River basin to the Kentucky River
2 Authority in accordance with KRS 151.700 to 151.730 and administrative
3 regulations promulgated by the authority;
4 (12) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage,
5 use, or other consumption outside this state and delivered by the retailer's own
6 vehicle to a location outside this state, or delivered to the United States Postal
7 Service, a common carrier, or a contract carrier for delivery outside this state,
8 regardless of whether the carrier is selected by the purchaser or retailer or an agent
9 or representative of the purchaser or retailer, or whether the F.O.B. is retailer's
10 shipping point or purchaser's destination.
11 (a) As used in this subsection:
12 1. "Catalogs" means tangible personal property that is printed to the special
13 order of the purchaser and composed substantially of information
14 regarding goods and services offered for sale; and
15 2. "Newspaper inserts" means printed materials that are placed in or
16 distributed with a newspaper of general circulation.
17 (b) The retailer shall be responsible for establishing that delivery was made to a
18 non-Kentucky location through shipping documents or other credible evidence
19 as determined by the department;
20 (13) Gross receipts from the sale of water used in the raising of equine as a business;
21 (14) Gross receipts from the sale of metal retail fixtures manufactured in this state and
22 purchased for storage, use, or other consumption outside this state and delivered by
23 the retailer's own vehicle to a location outside this state, or delivered to the United
24 States Postal Service, a common carrier, or a contract carrier for delivery outside
25 this state, regardless of whether the carrier is selected by the purchaser or retailer or
26 an agent or representative of the purchaser or retailer, or whether the F.O.B. is the
27 retailer's shipping point or the purchaser's destination.

1 (a) As used in this subsection, "metal retail fixtures" means check stands and
2 belted and nonbelted checkout counters, whether made in bulk or pursuant to
3 specific purchaser specifications, that are to be used directly by the purchaser
4 or to be distributed by the purchaser.
5 (b) The retailer shall be responsible for establishing that delivery was made to a
6 non-Kentucky location through shipping documents or other credible evidence
7 as determined by the department;
8 (15) Gross receipts from the sale of unenriched or enriched uranium purchased for
9 ultimate storage, use, or other consumption outside this state and delivered to a
10 common carrier in this state for delivery outside this state, regardless of whether the
11 carrier is selected by the purchaser or retailer, or is an agent or representative of the
12 purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or
13 purchaser's destination;
14 (16) Amounts received from a tobacco buydown. As used in this subsection, "buydown"
15 means an agreement whereby an amount, whether paid in money, credit, or
16 otherwise, is received by a retailer from a manufacturer or wholesaler based upon
17 the quantity and unit price of tobacco products sold at retail that requires the retailer
18 to reduce the selling price of the product to the purchaser without the use of a
19 manufacturer's or wholesaler's coupon or redemption certificate;
20 (17) Gross receipts from the sale of tangible personal property or digital property
21 returned by a purchaser when the full sales price is refunded either in cash or credit.
22 This exclusion shall not apply if the purchaser, in order to obtain the refund, is
23 required to purchase other tangible personal property or digital property at a price
24 greater than the amount charged for the property that is returned;
25 (18) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS
26 Chapter 138;
27 (19) The amount of any tax imposed by the United States upon or with respect to retail

1 sales, whether imposed on the retailer or the consumer, not including any
2 manufacturer's excise or import duty;
3 (20) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which
4 is:
5 (a) Sold to a Kentucky resident, registered for use on the public highways, and
6 upon which any applicable tax levied by KRS 138.460 has been paid; or
7 (b) Sold to a nonresident of Kentucky if the nonresident registers the motor
8 vehicle in a state that:
9 1. Allows residents of Kentucky to purchase motor vehicles without
10 payment of that state's sales tax at the time of sale; or
11 2. Allows residents of Kentucky to remove the vehicle from that state
12 within a specific period for subsequent registration and use in Kentucky
13 without payment of that state's sales tax;
14 (21) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and
15 trailer as defined in KRS 189.010(17);~~[and]~~
16 (22) Gross receipts from the first fifty thousand dollars ($50,000) in sales of admissions
17 to county fairs held in Kentucky in any calendar year by a nonprofit county fair
18 board***; and***
19 ***(23) Gross receipts from the collection of:***
20 ***(a) Any fee or charge levied by a local government pursuant to Section 3 of this***
21 ***Act;***
22 ***(b) The charge imposed by subsection (3) of Section 8 of this Act;***
23 ***(c) The fee imposed by Section 15 of this Act; and***
24 ***(d) The service charge imposed by Section 29 of this Act.***
25 ➔SECTION 29. A NEW SECTION OF KRS 65.7621 TO 65.7643 IS CREATED
26 TO READ AS FOLLOWS:
27 ***(1) As used in this section, "Lifeline provider" means a CMRS provider that the***

1 *Kentucky Public Service Commission has deemed or deems eligible to participate*
2 *in the wireless low-income Lifeline program and to receive reimbursement from*
3 *the universal service fund managed by the Federal Communications Commission*
4 *pursuant to the Federal Telecommunications Act of 1996, 47 U.S.C. secs. 151 et*
5 *seq.*
6 *(2) A Lifeline provider shall be liable for a CMRS service charge equal to the*
7 *amount of the CMRS postpaid service charge levied under Section 8 of this Act*
8 *and shall remit payment to the Kentucky 911 Services Board, less the*
9 *administrative fee described in subsection (6) of this section, as follows:*
10 *(a) Beginning February 1, 2017, an amount equal to the product of the*
11 *following factors:*
12 *1. The amount of the postpaid CMRS service charge levied under*
13 *Section 8 of this Act; and*
14 *2. The number of unique end users with Kentucky addresses for which*
15 *the Lifeline provider received reimbursement from the universal*
16 *service fund during the immediately preceding month.*
17 *(b) A Lifeline provider liable for the CMRS service charge levied under this*
18 *subsection may bill and collect from each end user the charges calculated*
19 *under this subsection with respect to each end user. The Lifeline provider*
20 *shall determine the manner it uses to bill and collect the charges owed*
21 *under this subsection. A Lifeline provider shall not bill or collect from an*
22 *end user an amount greater than the charges paid by the Lifeline provider*
23 *to the Kentucky 911 Services Board with respect to each end user.*
24 *(3) Each Lifeline provider shall act as a collection agent of the service charge levied*
25 *by this section for the CMRS fund. Each Lifeline provider shall list the service*
26 *charge as a separate entry on any bill which includes the service charge.*
27 *(4) A Lifeline provider has no obligation to take any legal action to enforce the*

1 *collection of the service charge levied by this section. Collection actions to*
2 *enforce the collection of the service charge against any CMRS customer may,*
3 *however, be initiated by the state, on behalf of the board, in the Circuit Court of*
4 *the county of residence of the end user, and the reasonable costs and attorney's*
5 *fees which are incurred in connection with any such collection action may be*
6 *awarded by the court to the prevailing party in the action.*
7 *(5) State and local taxes shall not apply to a separately stated service charge levied by*
8 *this section.*
9 *(6) To reimburse itself for the cost of collecting and remitting the service charge*
10 *levied by this section, each Lifeline provider may deduct and retain from the*
11 *service charges it collects during each calendar month an amount not to exceed*
12 *one and one-half percent (1.5%) of the gross aggregate amount of the service*
13 *charges it collected that month.*
14 *(7) All service charges levied by this section collected by each Lifeline provider, less*
15 *the administrative fee described in subsection (6) of this section, are due and*
16 *payable to the board monthly and shall be remitted on or before thirty (30) days*
17 *after the end of the calendar month. Collection actions may be initiated by the*
18 *state, on behalf of the board, in the Franklin Circuit Court or any other court of*
19 *competent jurisdiction, and the reasonable costs and attorney's fees which are*
20 *incurred in connection with any such collection action may be awarded by the*
21 *court to the prevailing party in the action.*
22 *(8) Nothing in this section shall be interpreted or otherwise construed to impact*
23 *litigation pending in the courts of the Commonwealth commencing on or before*
24 *March 1, 2016, regarding the application of CMRS fees imposed prior to the*
25 *effective date of this Act to CMRS providers receiving reimbursement from the*
26 *universal service fund.*
27 ➔Section 30. The Governor shall make appointments for the new members added

1 to the Kentucky 911 Services Board under Section 5 of this Act no later than August 15,
2 2016. Of the initial appointments, one shall serve a term of four years, one shall serve a
3 term of three years, one shall serve a term of two years, and one shall serve a term of one
4 year, as determined by the Governor. After the initial appointments, the terms of
5 successive appointments to those positions on the board shall be four years, and until
6 their successors are appointed and qualified.

7 ➔Section 31. Sections 14 to 23, Section 28, and Section 29 of this Act shall take
8 effect on January 1, 2017.

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 13 APRIL 2016