

1 AN ACT relating to the regulation of cannabis and making an appropriation
2 therefor.

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

4 ➔SECTION 1. KRS CHAPTER 245 IS ESTABLISHED AND A NEW
5 SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

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

- 7 *(1) "Board" has the same meaning as in KRS 241.010;*
- 8 *(2) "Cannabis" means all parts of the cannabis plant that are cultivated pursuant to*
9 *licensure under this chapter;*
- 10 *(3) "Cannabis accessory" means any item used for ingestion, inhalation, or storage*
11 *of cannabis;*
- 12 *(4) "Cannabis administrator" means the administrator of the Cannabis Division in*
13 *the Department of Alcoholic Beverage Control;*
- 14 *(5) "Cannabis product" means any item that contains cannabis, and includes but is*
15 *not limited to gummies, candies, baked goods, oils, lotions, and creams;*
- 16 *(6) "Department" has the same meaning as in KRS 241.010;*
- 17 *(7) "Immature cannabis plant" means a plant that is a seedling or that has not yet*
18 *produced flowers;*
- 19 *(8) "Indoor cultivator" means a licensee that grows cannabis plants in an indoor*
20 *facility with the use of artificial lighting;*
- 21 *(9) "License" means any license issued pursuant to this chapter;*
- 22 *(10) "Licensee" means any holder of a license issued by the department under this*
23 *chapter;*
- 24 *(11) "Mature cannabis plant" means a plant that has produced flowers;*
- 25 *(12) "Outdoor cultivator" means a licensee that grows cannabis outdoors without the*
26 *use of artificial lighting;*
- 27 *(13) "Population" has the same meaning as in KRS 241.010;*

1 (14) "Premises" means the land, building, and vehicle in which any business
2 regulated by this chapter is operated or carried on;

3 (15) "THC" means tetrahydrocannabinol; and

4 (16) "Traffic" or "trafficking" means the licensed growing of cannabis, and
5 transporting, processing, or selling of cannabis or cannabis products.

6 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
7 READ AS FOLLOWS:

8 All cannabis and cannabis products grown, manufactured, produced, or sold under
9 this chapter shall be tracked from seed to consumer with the use of a tracking system.
10 The department may promulgate administrative regulations as needed to ensure
11 compliance with this section.

12 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
13 READ AS FOLLOWS:

14 (1) Licenses that authorize traffic in cannabis may be issued by the cannabis
15 administrator.

16 (2) The holder of one (1) license type shall not hold any other type of license. No
17 licensee shall hold more than one (1) of any license type, except that the holder of
18 a retail license may hold multiple retail licenses, not to exceed more than one (1)
19 per Kentucky State Police post district.

20 (3) A nonrefundable application fee of five thousand dollars (\$5,000) shall be
21 charged to process each new application under this section, except for the home
22 grower permit. The application fee shall be applied towards the license fee if the
23 application is approved.

24 (4) Licenses and permits that may be issued and their accompanying annual fees are
25 as follows:

26 (a) Cultivator licenses:

27 1. Specialty outdoor\$1,000.00

1	<u>2. Small outdoor.....</u>	<u>\$2,000.00</u>
2	<u>3. Medium outdoor</u>	<u>\$4,000.00</u>
3	<u>4. Large outdoor</u>	<u>\$10,000.00</u>
4	<u>5. Specialty indoor</u>	<u>\$7,500.00</u>
5	<u>6. Small indoor.....</u>	<u>\$10,000.00</u>
6	<u>7. Medium indoor</u>	<u>\$15,000.00</u>
7	<u>8. Large indoor</u>	<u>\$25,000.00</u>
8	<u>(b) Processor license.....</u>	<u>\$5,000.00</u>
9	<u>(c) Testing facility license</u>	<u>\$7,500.00</u>
10	<u>(d) Retail license</u>	<u>\$10,000.00</u>
11	<u>(e) Home grower permit.....</u>	<u>\$250.00</u>
12	<u>(f) Microbusiness</u>	<u>\$15,000.00</u>
13	<u>(g) Cannabis consumption establishment</u>	<u>\$1,000.00</u>
14	<u>(h) Cannabis event organizer.....</u>	<u>\$1,000.00</u>
15	<u>(i) Cannabis temporary event (each day).....</u>	<u>\$500.00</u>

16 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
 17 READ AS FOLLOWS:

18 *The following premises limitations shall apply to cultivator licenses. Holders of:*

- 19 *(1) A specialty outdoor cultivator license shall be limited to growing up to fifty (50)*
 20 *mature plants on no more than five thousand (5,000) square feet;*
- 21 *(2) A small outdoor cultivator license may cultivate over five thousand (5,000) square*
 22 *feet but no greater than ten thousand (10,000) square feet;*
- 23 *(3) A medium outdoor cultivator license may cultivate over ten thousand (10,000)*
 24 *square feet but no more than one (1) acre;*
- 25 *(4) A large outdoor cultivator license may cultivate greater than one (1) acre of land;*
- 26 *(5) A specialty indoor cultivator license may cultivate up to five thousand (5,000)*
 27 *square feet;*

1 (6) A small indoor cultivator license may cultivate over five thousand (5,000) square
2 feet but no greater than ten thousand (10,000) square feet;

3 (7) A medium indoor cultivator license may cultivate over ten thousand (10,000)
4 square feet but less than twenty-two thousand (22,000) square feet; and

5 (8) A large indoor cultivator license may cultivate at least twenty-two thousand
6 (22,000) square feet but less than forty thousand (40,000) square feet of space.

7 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
8 READ AS FOLLOWS:

9 (1) A cultivator license shall authorize the license holder to:

10 (a) Grow cannabis on its licensed premises;

11 (b) Sell cannabis to processor licensees; and

12 (c) Transport its cannabis from the premises to a testing facility or a processor.

13 (2) A processor license shall authorize the license holder to:

14 (a) Receive cannabis from a cultivator licensee;

15 (b) Process the cannabis received into consumable cannabis and cannabis
16 products;

17 (c) Sell the processed cannabis and cannabis products to a retail licensee; and

18 (d) Transport the processed cannabis and cannabis products to the retailer
19 licensee or a testing facility.

20 (3) A retail license shall authorize the license holder to:

21 (a) Purchase cannabis and cannabis products from a processor for purchase in
22 its store;

23 (b) Receive purchased cannabis and cannabis products from the processor
24 licensee making the delivery; and

25 (c) Sell cannabis, cannabis products, and cannabis accessories at its store to
26 consumers ages twenty-one (21) and older.

27 (4) A testing facility license shall authorize the license holder to obtain and test

1 samples of cannabis from cultivators and samples of cannabis and cannabis
2 products from processors in order to determine the amount of THC in the
3 product.

4 (5) A microbusiness license shall authorize the license holder to perform at least
5 three (3) of the four (4) following activities:

6 (a) Cultivation of up to one hundred fifty (150) plants;

7 (b) Manufacturing processes to include nonvolatile extraction, infusion,
8 packaging, and labeling;

9 (c) Distribution; and

10 (d) Retail sales.

11 (6) A cannabis consumption establishment license shall authorize the license holder
12 to allow patrons to bring their own cannabis, cannabis products, and cannabis
13 accessories on premises for consumption.

14 (7) A cannabis event organizer license shall authorize the license holder to host
15 temporary events related to cannabis, including but not limited to conferences,
16 fairs, festivals, and competitions. Each event requires a separate cannabis
17 temporary event license.

18 (8) A cannabis temporary event license shall authorize the license holder to host
19 events related to cannabis, subject to the following provisions:

20 (a) The location shall be designated on the application form to the department;

21 (b) The event shall comply with the requirements of any smoking ban that may
22 be enacted by a local government; and

23 (c) A cannabis licensee may sell cannabis, cannabis products, and cannabis
24 accessories for sale to consumers aged twenty-one (21) years or older if a
25 cannabis temporary event license is purchased for the event.

26 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
27 READ AS FOLLOWS:

1 (1) A home grower permit shall authorize a household to cultivate and grow up to
 2 five (5) mature cannabis plants and up to five (5) immature cannabis plants.

3 (2) A holder of a home grower permit shall permit the department to periodically
 4 inspect the premises if needed to ensure compliance with this section.

5 (3) The department may promulgate administrative regulations as needed to ensure
 6 compliance with this section.

7 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
 8 READ AS FOLLOWS:

9 (1) The board shall promulgate an administrative regulation for a license
 10 application, and may require that license applications contain the following
 11 information, given under oath:

12 (a) The name, age, Social Security number, address, residence, and citizenship
 13 of each applicant;

14 (b) If the applicant is a partner, the name, age, Social Security number,
 15 address, residence, and citizenship of each partner and the name and
 16 address of the partnership;

17 (c) The name, age, Social Security number, address, residence, and citizenship
 18 of each individual or partner interested in the business for which the license
 19 is sought, together with the nature of that interest, and if the applicant is a
 20 corporation, limited partnership company, limited liability company, or
 21 other business entity recognized by law, the name, age, Social Security
 22 number, and address of each principal owner, member, officer, and director
 23 of the applicant. The department may require the names of all owners and
 24 the ownership percentage held by each;

25 (d) The premises to be licensed, stating the street and number, if the premises
 26 has a street number, and a description that will reasonably indicate the
 27 location of the premises;

- 1 (e) 1. A statement that neither the applicant nor any person referred to in
2 this section has been convicted of:
- 3 a. Any misdemeanor directly or indirectly attributable to cannabis;
4 b. Any violation involving a controlled substance that is described
5 in or classified pursuant to KRS Chapter 218A within the two (2)
6 years immediately preceding the application;
7 c. Any felony, within five (5) years from the later date of the date of
8 parole or the date of conviction; or
9 d. Providing false information to the department preceding the
10 application; and
- 11 2. A statement that the applicant or any other person referred to in this
12 section has not had any license that has been issued under any
13 cannabis statute revoked for cause within two (2) years prior to the
14 date of the application;
- 15 (f) A statement that the applicant will in good faith abide by every state and
16 local statute, regulation, and ordinance relating to the manufacture, sale,
17 use of, and trafficking in cannabis and cannabis products; and
- 18 (g) Any other information necessary for the department to administer this
19 chapter.
- 20 (2) If, after a license has been issued, there is a change in any of the facts required to
21 be set forth in the application, a verified supplemental statement in writing giving
22 notice of the change shall be filed with the department within ten (10) days after
23 the change.
- 24 (3) In giving any notice or taking any action in reference to a license, the department
25 may rely upon the information furnished in the application or in the
26 supplemental statement connected with the application. This information, as
27 against the licensee or applicant, shall be conclusively presumed to be correct.

1 *The information required to be furnished in the application or supplemental*
2 *statement shall be deemed material in any prosecution for perjury.*

3 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) All cannabis licenses issued by the department shall be valid for a period of no*
6 *more than one (1) year. The board shall promulgate administrative regulations*
7 *establishing the system for renewal of licenses.*

8 *(2) The renewal by the department of any cannabis license shall not be construed to*
9 *waive or condone any violation that occurred prior to the renewal and shall not*
10 *prevent subsequent proceedings against the licensee.*

11 *(3) The department may deny a license renewal if the licensee is a delinquent*
12 *taxpayer as defined in KRS 131.1815.*

13 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
14 READ AS FOLLOWS:

15 *The number of cannabis retail licenses issued by the department shall not exceed one*
16 *(1) license for every two thousand three hundred (2,300) persons resident in the*
17 *county, except that no county shall have fewer than two (2) cannabis retail licenses*
18 *available for issuance by the department in a county.*

19 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
20 READ AS FOLLOWS:

21 *A cannabis retail licensee shall be located in a separate premises from any other type*
22 *of retail store, and shall not sell or offer to sell any products except cannabis, cannabis*
23 *products, and cannabis accessories.*

24 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
25 READ AS FOLLOWS:

26 *(1) All cannabis and cannabis products offered for sale at retail, shall:*

27 *(a) Be packaged in tamper-evident packaging that is child-proof; and*

1 **(b) Be clearly labeled with the amount of THC in the product.**

2 **(2) The department may promulgate administrative regulations as needed to ensure**
3 **compliance with this section.**

4 ➔SECTION 12. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
5 READ AS FOLLOWS:

6 **(1) If a state administrator denies a license application, the administrator shall notify**
7 **the applicant in writing of the denial and the reasons for the denial by registered**
8 **or certified mail at the address given in the application.**

9 **(2) The applicant may, within thirty (30) days after the date of the mailing of the**
10 **notice from the state administrator, file a request with the board for an**
11 **administrative hearing on the application. The hearing shall be conducted by the**
12 **board as a de novo review of the application in compliance with KRS Chapter**
13 **13B.**

14 **(3) If the state administrator denies an application and the applicant does not timely**
15 **request a board hearing on its application under subsection (2) of this section, the**
16 **department shall refund payment of any license fee erroneously paid by an**
17 **applicant.**

18 ➔SECTION 13. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
19 READ AS FOLLOWS:

20 **(1) Upon proceedings for the revocation of any license under this chapter, the board**
21 **may in its discretion order a suspension of the license. However, the licensee may**
22 **have the alternative, subject to the approval of the board, to pay in lieu of part or**
23 **all of the days of any suspension period, a sum as follows:**

24 **(a) Cultivators, one thousand dollars (\$1,000) per day;**

25 **(b) Processors, five hundred dollars (\$500) per day; and**

26 **(c) Retail licensees, fifty dollars (\$50) per day.**

27 **(2) Payments in lieu of suspension collected by the board shall be evenly divided,**

1 with one-half (1/2) being deposited into the agency account established in Section
2 38 of this Act and one-half (1/2) being deposited into the fund established in
3 Section 29 of this Act.

4 (3) Appeals from orders of suspension and the procedure thereon shall be the same
5 as are provided for orders of revocation in KRS Chapter 13B.

6 ➔SECTION 14. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
7 READ AS FOLLOWS:

8 (1) Cannabis, cannabis products, and cannabis accessories shall only be purchased,
9 possessed, consumed, or used, by persons aged twenty-one (21) years or older,
10 and a retail licensee shall only sell to persons aged twenty-one (21) or older.

11 (2) A person under twenty-one (21) years of age shall not enter any premises licensed
12 for the sale of cannabis, cannabis products, or cannabis accessories for the
13 purpose of purchasing or receiving any cannabis, cannabis product, or cannabis
14 accessory.

15 (3) A person under twenty-one (21) years of age shall not misrepresent the person's
16 age for the purpose of inducing any licensee, or the licensee's agent or employee,
17 to sell any cannabis, cannabis products, or cannabis accessories to the underage
18 person.

19 (4) A person under twenty-one (21) years of age shall not use, or attempt to use any
20 false, fraudulent, or altered identification card, paper, or any other document to
21 purchase or attempt to purchase or otherwise obtain any cannabis, cannabis
22 products, or cannabis accessories.

23 (5) Except as provided in subsection (6) of this section, any person who violates this
24 section shall, for the first offense, be guilty of a violation, and for the second and
25 each subsequent offense, the person shall be guilty of a Class B misdemeanor.

26 (6) A violation of this section shall be deemed a status offense if committed by a
27 person under the age of eighteen (18) and shall be under the jurisdiction of the

1 juvenile session of the District Court or the family division of the Circuit Court,
2 as appropriate.

3 (7) Any licensee that violates the provisions of this section shall be guilty of a
4 violation, and each violation shall constitute a separate offense.

5 ➔SECTION 15. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
6 READ AS FOLLOWS:

7 (1) Smoking cannabis in public is prohibited.

8 (2) Smoking cannabis in public shall be a violation subject to a maximum fine of one
9 hundred dollars (\$100).

10 ➔SECTION 16. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
11 READ AS FOLLOWS:

12 Every retail licensee shall display signs that are visible to persons entering the premises
13 that state as follows:

14 (1) The United States Surgeon General has issued an advisory opinion stating that
15 smoking or ingesting cannabis by pregnant women may cause harm to the fetus;
16 and

17 (2) Minor persons under the age of twenty-one (21) may face criminal penalties if
18 they attempt to buy cannabis or cannabis products themselves or if they attempt
19 to have someone else buy for them.

20 ➔SECTION 17. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
21 READ AS FOLLOWS:

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

23 (1) "Cannabis" has the same meaning as in Section 1 of this Act;

24 (2) "Cannabis administrator" has the same meaning as in Section 1 of this Act; and

25 (3) "Cannabis product" has the same meaning as in Section 1 of this Act.

26 ➔SECTION 18. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
27 READ AS FOLLOWS:

- 1 (1) A tax is levied upon cannabis and cannabis products at the time and in the
2 manner as provided in this section.
- 3 (2) (a) On and after July 1, 2021, and before July 1, 2026, a wholesale tax in the
4 amount of fifteen percent (15%) of the sales price for all cannabis cultivated
5 and harvested under KRS Chapter 245 and sold to a processor shall be
6 levied on and paid by the cannabis cultivator licensee.
- 7 (b) Effective July 1, 2026, and each year thereafter, the rate of tax shall be
8 calculated by the cannabis administrator as described in subsection (6) of
9 this section.
- 10 (3) (a) On and after July 1, 2021, and before July 1, 2026, a wholesale tax in the
11 amount of fifteen percent (15%) of the sales price for all cannabis and
12 cannabis products processed by a processor under KRS Chapter 245 and
13 sold to a retailer shall be levied on and paid by the cannabis processor
14 licensee.
- 15 (b) Effective July 1, 2026, and each year thereafter, the rate of tax shall be
16 calculated by the cannabis administrator as described in subsection (7) of
17 this section.
- 18 (4) The taxes imposed by this section are to be:
- 19 (a) Due and payable to the department monthly on or before the twentieth day
20 of the month following each calendar month;
- 21 (b) Paid and submitted with a return reporting the amount of sales made
22 during the preceding calendar month; and
- 23 (c) Reported on a return filed by each cultivator licensee and each processor
24 licensee for each month.
- 25 (5) The department may allow the cultivator licensee or processor licensee to file the
26 reports for periods other than monthly, as promulgated by administrative
27 regulation under KRS Chapter 13A.

- 1 (6) Before July 1, 2026, and before July 1 each year thereafter, the rate of tax for all
 2 cannabis cultivated and harvested and sold to a processor shall be calculated by
 3 the state cannabis administrator. The rate shall be calculated in such a manner
 4 as to protect the state's interest in regulating cannabis. The rate calculation may
 5 take into account any or all of the following:
 6 (a) The price of the cannabis being sold;
 7 (b) The weight of the cannabis being sold;
 8 (c) The parts of the cannabis plant being sold; or
 9 (d) The amount of THC in the product.
- 10 (7) Before July 1, 2026, and before July 1 each year thereafter, the rate of tax for all
 11 processed cannabis and cannabis products transferred to cannabis retail
 12 licensees shall be calculated by the state cannabis administrator. The rate
 13 calculation may take into account any or all of the following:
 14 (a) The price of the cannabis being sold;
 15 (b) The weight of the cannabis being sold;
 16 (c) The parts of the cannabis plant being sold; or
 17 (d) The amount of THC in the product.
- 18 (8) The rates calculated in subsections (6) and (7) of this section shall be provided to
 19 the Department of Revenue no later than March 31 of each year.
- 20 (9) The department shall promulgate administrative regulations setting forth the
 21 applicable rate and the method of rate calculation for subsections (6) and (7) of
 22 this section.
- 23 (10) All receipts, interest, and penalties resulting from the taxes imposed under this
 24 section shall be deposited into the cannabis fund created in Section 29 of this Act.
- 25 ➔SECTION 19. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
 26 READ AS FOLLOWS:
 27 (1) Notwithstanding any other provision of this chapter to the contrary, the president,

1 vice president, secretary, treasurer, or any other person holding any equivalent
2 corporate office of any corporation subject to Section 18 of this Act shall be
3 personally and individually liable, both jointly and severally, for the cannabis and
4 cannabis product taxes.

5 (2) Corporate dissolution, withdrawal of the corporation from the state, or the
6 cessation of holding any corporate office shall not discharge the liability of any
7 person. The personal and individual liability shall apply to every person holding a
8 corporate office at the time the tax becomes or became due.

9 (3) Notwithstanding any other provision of this chapter, KRS 275.150, 362.1-306(3)
10 or predecessor law, or 362.2-404(3) to the contrary, the managers of a limited
11 liability company, the partners of a limited liability partnership, and the general
12 partners of a limited liability limited partnership or any other person holding any
13 equivalent office of a limited liability company, limited liability partnership or
14 limited liability limited partnership subject to Section 17, 18, 19, and 20 of this
15 Act shall be personally and individually liable, both jointly and severally, for the
16 cannabis and cannabis products taxes.

17 (4) Dissolution, withdrawal of the limited liability company, limited liability
18 partnership, or limited liability limited partnership from the state, or the cessation
19 of holding any office shall not discharge the liability of any person. The personal
20 and individual liability shall apply to every manager of a limited liability
21 company, partner of a limited liability partnership, or general partner of a limited
22 liability limited partnership at the time the tax becomes or became due.

23 (5) No person shall be personally and individually liable under this section who had
24 no authority to collect, truthfully account for, or pay over any cannabis and
25 cannabis product tax at the time the taxes imposed become or became due.

26 (6) "Taxes" as used in this section include interest accrued at the rate provided by
27 KRS 131.183, all applicable penalties imposed under this chapter, and all

1 applicable penalties imposed under KRS 131.180, 131.410 to 131.445, and
 2 131.990.

3 ➔SECTION 20. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
 4 READ AS FOLLOWS:

5 Any person who violates any provision of Section 18 or 19 of this Act shall be subject
 6 to the uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax
 7 interest rate as defined in KRS 131.010(6) from the date due until the date of payment.

8 ➔SECTION 21. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
 9 READ AS FOLLOWS:

10 (1) A city, county, urban-county government, consolidated local government, charter
 11 county government, or unified local government is authorized to levy a licensing
 12 fee, not to exceed five percent (5%) of the gross revenue, on any cultivator,
 13 processor, testing facility, and retail cannabis licensee within its jurisdiction.

14 (2) If levied by the local government, the tax shall be collected by and paid to the
 15 local government.

16 (3) In a county in which the city and county both levy a licensing fee, the county fee
 17 shall only be applicable outside the jurisdictional boundaries of the city that
 18 levies a licensing fee.

19 ➔Section 22. KRS 139.200 is amended to read as follows:

20 A tax is hereby imposed upon all retailers at the rate of:

21 (1) Six percent (6%) of the gross receipts derived from:

22 (a)~~(1)~~ Retail sales of:

23 1.~~(a)~~ Tangible personal property, except cannabis and cannabis
 24 products as defined in Section 1 of this Act, regardless of the method of
 25 delivery, made within this Commonwealth; and

26 2.~~(b)~~ Digital property regardless of whether:

27 a.~~(1)~~ The purchaser has the right to permanently use the property;

1 ~~b.~~^[2.] The purchaser's right to access or retain the property is not
2 permanent; or

3 ~~c.~~^[3.] The purchaser's right of use is conditioned upon continued
4 payment; and

5 ~~(b)~~^[(2)] The furnishing of the following:

6 ~~1.~~^[(a)] The rental of any room or rooms, lodgings, campsites, or
7 accommodations furnished by any hotel, motel, inn, tourist camp, tourist
8 cabin, campgrounds, recreational vehicle parks, or any other place in
9 which rooms, lodgings, campsites, or accommodations are regularly
10 furnished to transients for a consideration. The tax shall not apply to
11 rooms, lodgings, campsites, or accommodations supplied for a
12 continuous period of thirty (30) days or more to a person;

13 ~~2.~~^[(b)] Sewer services;

14 ~~3.~~^[(c)] The sale of admissions, except:

15 ~~a.~~^[1.] Admissions to racetracks taxed under KRS 138.480;

16 ~~b.~~^[2.] Admissions to historical sites exempt under KRS 139.482;

17 ~~c.~~^[3.] Admissions taxed under KRS 229.031;

18 ~~d.~~^[4.] Admissions that are charged by nonprofit educational, charitable,
19 or religious institutions and for which an exemption is provided
20 under KRS 139.495; and

21 ~~e.~~^[5.] Admissions that are charged by nonprofit civic, governmental, or
22 other nonprofit organizations and for which an exemption is
23 provided under KRS 139.498;

24 ~~4.~~^[(d)] Prepaid calling service and prepaid wireless calling service;

25 ~~5.~~^[(e)] Intrastate, interstate, and international communications services as
26 defined in KRS 139.195, except the furnishing of pay telephone service
27 as defined in KRS 139.195;

- 1 ~~6.~~^(f) Distribution, transmission, or transportation services for natural
2 gas that is for storage, use, or other consumption in this state, excluding
3 those services furnished:
- 4 ~~a.~~^(1.) For natural gas that is classified as residential use as provided in
5 KRS 139.470(7); or
- 6 ~~b.~~^(2.) To a seller or reseller of natural gas;
- 7 ~~7.~~^(g) Landscaping services, including but not limited to:
- 8 ~~a.~~^(1.) Lawn care and maintenance services;
- 9 ~~b.~~^(2.) Tree trimming, pruning, or removal services;
- 10 ~~c.~~^(3.) Landscape design and installation services;
- 11 ~~d.~~^(4.) Landscape care and maintenance services; and
- 12 ~~e.~~^(5.) Snow plowing or removal services;
- 13 ~~8.~~^(h) Janitorial services, including but not limited to residential and
14 commercial cleaning services, and carpet, upholstery, and window
15 cleaning services;
- 16 ~~9.~~⁽ⁱ⁾ Small animal veterinary services, excluding veterinary services for
17 equine, cattle, poultry, swine, sheep, goats, llamas, alpacas, ratite birds,
18 buffalo, and cervids;
- 19 ~~10.~~^(j) Pet care services, including but not limited to grooming and
20 boarding services, pet sitting services, and pet obedience training
21 services;
- 22 ~~11.~~^(k) Industrial laundry services, including but not limited to industrial
23 uniform supply services, protective apparel supply services, and
24 industrial mat and rug supply services;
- 25 ~~12.~~^(l) Non-coin-operated laundry and dry cleaning services;
- 26 ~~13.~~^(m) Linen supply services, including but not limited to table and bed
27 linen supply services and nonindustrial uniform supply services;

- 1 ~~14.(n)~~ Indoor skin tanning services, including but not limited to tanning
 2 booth or tanning bed services and spray tanning services;
 3 ~~15.(o)~~ Non-medical diet and weight reducing services;
 4 ~~16.(p)~~ Limousine services, if a driver is provided; and
 5 ~~17.(q)~~ Extended warranty services; **and**

6 **(2) Fifteen percent (15%) of the gross receipts derived from the retail sale of**
 7 **cannabis and cannabis products, as defined in Section 1 of this Act.**

8 ➔Section 23. KRS 139.240 is amended to read as follows:

9 (1) Every person presently engaged or desiring to engage in or conduct business as a
 10 retailer or seller within this state shall file with the department an application for a
 11 permit for each place of business **and a separate permit for each place of business**
 12 **where cannabis and cannabis products, as defined in Section 1 of this Act, will be**
 13 **sold.**

14 (2) Every application for a permit shall:

- 15 (a) Be made upon a form prescribed by the department;
 16 (b) Set forth the name under which the applicant transacts or intends to transact
 17 business and the location of the place or places of business; and
 18 (c) Set forth other information as the department may require.

19 (3) The application shall be signed by:

- 20 (a) The owner, if he or she is a natural person;
 21 (b) A member or partner, if the entity is an association, limited liability company,
 22 limited liability partnership, or partnership;
 23 (c) An executive officer, if the entity is a corporation, or some person specifically
 24 authorized by the corporation to sign the application, to which shall be
 25 attached written evidence of his or her authority; or
 26 (d) A licensed certified public accountant, or an attorney licensed to practice law
 27 in the Commonwealth, specifically authorized by and acting on behalf of an

1 owner, an association, a partnership, a limited liability company, a limited
2 liability partnership, a corporation, or other business entity.

3 (4) A written signature shall not be required if the applicant registers electronically.

4 ➔Section 24. KRS 139.250 is amended to read as follows:

5 After compliance with KRS 139.240 and 139.660 by the applicant, the department shall
6 grant and issue to each applicant a separate permit for each place of business within the
7 state **and a separate permit for each place of business within the state where cannabis**
8 **and cannabis products, as defined in Section 1 of this Act, will be sold.** A permit shall
9 not be assignable, and shall be valid only for the person in whose name it is issued and for
10 the transaction of business at the place designated therein. It shall at all times be
11 conspicuously displayed at the place for which issued.

12 ➔Section 25. KRS 139.260 is amended to read as follows:

13 For the purpose of the proper administration of this chapter and to prevent evasion of the
14 duty to collect the taxes imposed by KRS 139.200 and 139.310, it shall be presumed that
15 all gross receipts and all tangible personal property, digital property, and services sold by
16 any person for delivery or access in this state are subject to the tax until the contrary is
17 established. The burden of proving the contrary is upon the person who makes the sale of:

18 (1) Tangible personal property or digital property unless the person takes from the
19 purchaser a certificate to the effect that the property is either:

20 (a) Purchased for resale according to the provisions of KRS 139.270;

21 (b) Purchased through a fully completed certificate of exemption or fully
22 completed Streamlined Sales and Use Tax Agreement Certificate of
23 Exemption in accordance with KRS 139.270; or

24 (c) Purchased according to administrative regulations promulgated by the
25 department governing a direct pay authorization;

26 (2) A service included in **subsection (1)(b)1. to 6. of Section 22 of this Act**~~KRS~~
27 ~~139.200(2)(a) to (f)~~ unless the person takes from the purchaser a certificate to the

1 effect that the service is purchased through a fully completed certificate of
 2 exemption or fully completed Streamlined Sales and Use Tax Agreement Certificate
 3 of Exemption in accordance with KRS 139.270; and

4 (3) A service included in subsection (1)(b)7. to 17. of Section 22 of this Act~~[KRS~~
 5 ~~139.200(2)(g) to (q)]~~ unless the person takes from the purchaser a certificate to the
 6 effect that the service is:

7 (a) Purchased for resale according to KRS 139.270;

8 (b) Purchased through a fully completed certificate of exemption or fully
 9 completed Streamlined Sales and Use Tax Agreement Certificate of
 10 Exemption in accordance with KRS 139.270; or

11 (c) Purchased according to administrative regulations promulgated by the
 12 department governing a direct pay authorization.

13 ➔Section 26. KRS 139.310 is amended to read as follows:

14 (1) An excise tax is hereby imposed on the storage, use, or other consumption in this
 15 state of:

16 (a) 1. Tangible personal property, *except cannabis and cannabis products as*
 17 *defined in Section 1 of this Act;*

18 2. Digital property;~~[;]~~ and

19 3. Extended warranty services;

20 purchased for storage, use, or other consumption in this state at the rate
 21 of six percent (6%) of the sales price; and

22 (b) *Cannabis and cannabis products, as defined in Section 1 of this Act,*
 23 *purchased for storage, use, or other consumption in this state at the rate of*
 24 *fifteen percent (15%) of the sales price.*

25 (2) The excise tax applies to the purchase of digital property regardless of whether:

26 (a) The purchaser has the right to permanently use the goods;

27 (b) The purchaser's right to access or retain the digital property is not permanent;

1 or

2 (c) The purchaser's right of use is conditioned upon continued payment.

3 ➔Section 27. KRS 139.470 is amended to read as follows:

4 There are excluded from the computation of the amount of taxes imposed by this chapter:

5 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this
6 state of, tangible personal property or digital property which this state is prohibited
7 from taxing under the Constitution or laws of the United States, or under the
8 Constitution of this state;

9 (2) Gross receipts from sales of, and the storage, use, or other consumption in this state
10 of:

11 (a) Nonreturnable and returnable containers when sold without the contents to
12 persons who place the contents in the container and sell the contents together
13 with the container; and

14 (b) Returnable containers when sold with the contents in connection with a retail
15 sale of the contents or when resold for refilling;

16 As used in this section the term "returnable containers" means containers of a kind
17 customarily returned by the buyer of the contents for reuse. All other containers are
18 "nonreturnable containers";

19 (3) Gross receipts from occasional sales of tangible personal property or digital
20 property and the storage, use, or other consumption in this state of tangible personal
21 property or digital property, the transfer of which to the purchaser is an occasional
22 sale;

23 (4) Gross receipts from sales of tangible personal property to a common carrier,
24 shipped by the retailer via the purchasing carrier under a bill of lading, whether the
25 freight is paid in advance or the shipment is made freight charges collect, to a point
26 outside this state and the property is actually transported to the out-of-state
27 destination for use by the carrier in the conduct of its business as a common carrier;

- 1 (5) Gross receipts from sales of tangible personal property sold through coin-operated
2 bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the
3 retailer is primarily engaged in making the sales and maintains records satisfactory
4 to the department. As used in this subsection, "bulk vending machine" means a
5 vending machine containing unsorted merchandise which, upon insertion of a coin,
6 dispenses the same in approximately equal portions, at random and without
7 selection by the customer;
- 8 (6) Gross receipts from sales to any cabinet, department, bureau, commission, board, or
9 other statutory or constitutional agency of the state and gross receipts from sales to
10 counties, cities, or special districts as defined in KRS 65.005. This exemption shall
11 apply only to purchases of tangible personal property, digital property, or services
12 for use solely in the government function. A purchaser not qualifying as a
13 governmental agency or unit shall not be entitled to the exemption even though the
14 purchaser may be the recipient of public funds or grants;
- 15 (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky
16 residents for use in heating, water heating, cooking, lighting, and other
17 residential uses. As used in this subsection, "fuel" shall include but not be
18 limited to natural gas, electricity, fuel oil, bottled gas, coal, coke, and wood.
19 Determinations of eligibility for the exemption shall be made by the
20 department;
- 21 (b) In making the determinations of eligibility, the department shall exempt from
22 taxation all gross receipts derived from sales:
- 23 1. Classified as "residential" by a utility company as defined by applicable
24 tariffs filed with and accepted by the Public Service Commission;
 - 25 2. Classified as "residential" by a municipally owned electric distributor
26 which purchases its power at wholesale from the Tennessee Valley
27 Authority;

1 3. Classified as "residential" by the governing body of a municipally owned
2 electric distributor which does not purchase its power from the
3 Tennessee Valley Authority, if the "residential" classification is
4 reasonably consistent with the definitions of "residential" contained in
5 tariff filings accepted and approved by the Public Service Commission
6 with respect to utilities which are subject to Public Service Commission
7 regulation.

8 If the service is classified as residential, use other than for "residential"
9 purposes by the customer shall not negate the exemption;

10 (c) The exemption shall not apply if charges for sewer service, water, and fuel are
11 billed to an owner or operator of a multi-unit residential rental facility or
12 mobile home and recreational vehicle park other than residential
13 classification; and

14 (d) The exemption shall apply also to residential property which may be held by
15 legal or equitable title, by the entireties, jointly, in common, as a
16 condominium, or indirectly by the stock ownership or membership
17 representing the owner's or member's proprietary interest in a corporation
18 owning a fee or a leasehold initially in excess of ninety-eight (98) years;

19 (8) Gross receipts from sales to an out-of-state agency, organization, or institution
20 exempt from sales and use tax in its state of residence when that agency,
21 organization, or institution gives proof of its tax-exempt status to the retailer and the
22 retailer maintains a file of the proof;

23 (9) (a) Gross receipts derived from the sale of tangible personal property, as provided
24 in paragraph (b) of this subsection, to a manufacturer or industrial processor if
25 the property is to be directly used in the manufacturing or industrial
26 processing process of:

27 1. Tangible personal property at a plant facility;

- 1 2. Distilled spirits or wine at a plant facility or on the premises of a
2 distiller, rectifier, winery, or small farm winery licensed under KRS
3 243.030 that includes a retail establishment on the premises; or
4 3. Malt beverages at a plant facility or on the premises of a brewer or
5 microbrewery licensed under KRS 243.040 that includes a retail
6 establishment;

7 and which will be for sale.

8 (b) The following tangible personal property shall qualify for exemption under
9 this subsection:

- 10 1. Materials which enter into and become an ingredient or component part
11 of the manufactured product;
- 12 2. Other tangible personal property which is directly used in the
13 manufacturing or industrial processing process, if the property has a
14 useful life of less than one (1) year. Specifically these items are
15 categorized as follows:
- 16 a. Materials. This refers to the raw materials which become an
17 ingredient or component part of supplies or industrial tools exempt
18 under subdivisions b. and c. below;
- 19 b. Supplies. This category includes supplies such as lubricating and
20 compounding oils, grease, machine waste, abrasives, chemicals,
21 solvents, fluxes, anodes, filtering materials, fire brick, catalysts,
22 dyes, refrigerants, and explosives. The supplies indicated above
23 need not come in direct contact with a manufactured product to be
24 exempt. "Supplies" does not include repair, replacement, or spare
25 parts of any kind; and
- 26 c. Industrial tools. This group is limited to hand tools such as jigs,
27 dies, drills, cutters, rolls, reamers, chucks, saws, and spray guns

1 and to tools attached to a machine such as molds, grinding balls,
2 grinding wheels, dies, bits, and cutting blades. Normally, for
3 industrial tools to be considered directly used in the manufacturing
4 or industrial processing process, they shall come into direct contact
5 with the product being manufactured or processed; and

6 3. Materials and supplies that are not reusable in the same manufacturing
7 or industrial processing process at the completion of a single
8 manufacturing or processing cycle. A single manufacturing cycle shall
9 be considered to be the period elapsing from the time the raw materials
10 enter into the manufacturing process until the finished product emerges
11 at the end of the manufacturing process.

12 (c) The property described in paragraph (b) of this subsection shall be regarded as
13 having been purchased for resale.

14 (d) For purposes of this subsection, a manufacturer or industrial processor
15 includes an individual or business entity that performs only part of the
16 manufacturing or industrial processing activity, and the person or business
17 entity need not take title to tangible personal property that is incorporated into,
18 or becomes the product of, the activity.

19 (e) The exemption provided in this subsection does not include repair,
20 replacement, or spare parts;

21 (10) Any water use fee paid or passed through to the Kentucky River Authority by
22 facilities using water from the Kentucky River basin to the Kentucky River
23 Authority in accordance with KRS 151.700 to 151.730 and administrative
24 regulations promulgated by the authority;

25 (11) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage,
26 use, or other consumption outside this state and delivered by the retailer's own
27 vehicle to a location outside this state, or delivered to the United States Postal

1 Service, a common carrier, or a contract carrier for delivery outside this state,
2 regardless of whether the carrier is selected by the purchaser or retailer or an agent
3 or representative of the purchaser or retailer, or whether the F.O.B. is retailer's
4 shipping point or purchaser's destination.

5 (a) As used in this subsection:

6 1. "Catalogs" means tangible personal property that is printed to the special
7 order of the purchaser and composed substantially of information
8 regarding goods and services offered for sale; and

9 2. "Newspaper inserts" means printed materials that are placed in or
10 distributed with a newspaper of general circulation.

11 (b) The retailer shall be responsible for establishing that delivery was made to a
12 non-Kentucky location through shipping documents or other credible evidence
13 as determined by the department;

14 (12) Gross receipts from the sale of water used in the raising of equine as a business;

15 (13) Gross receipts from the sale of metal retail fixtures manufactured in this state and
16 purchased for storage, use, or other consumption outside this state and delivered by
17 the retailer's own vehicle to a location outside this state, or delivered to the United
18 States Postal Service, a common carrier, or a contract carrier for delivery outside
19 this state, regardless of whether the carrier is selected by the purchaser or retailer or
20 an agent or representative of the purchaser or retailer, or whether the F.O.B. is the
21 retailer's shipping point or the purchaser's destination.

22 (a) As used in this subsection, "metal retail fixtures" means check stands and
23 belted and nonbelted checkout counters, whether made in bulk or pursuant to
24 specific purchaser specifications, that are to be used directly by the purchaser
25 or to be distributed by the purchaser.

26 (b) The retailer shall be responsible for establishing that delivery was made to a
27 non-Kentucky location through shipping documents or other credible evidence

1 as determined by the department;

2 (14) Gross receipts from the sale of unenriched or enriched uranium purchased for
3 ultimate storage, use, or other consumption outside this state and delivered to a
4 common carrier in this state for delivery outside this state, regardless of whether the
5 carrier is selected by the purchaser or retailer, or is an agent or representative of the
6 purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or
7 purchaser's destination;

8 (15) Amounts received from a tobacco buydown. As used in this subsection, "buydown"
9 means an agreement whereby an amount, whether paid in money, credit, or
10 otherwise, is received by a retailer from a manufacturer or wholesaler based upon
11 the quantity and unit price of tobacco products sold at retail that requires the retailer
12 to reduce the selling price of the product to the purchaser without the use of a
13 manufacturer's or wholesaler's coupon or redemption certificate;

14 (16) Gross receipts from the sale of tangible personal property or digital property
15 returned by a purchaser when the full sales price is refunded either in cash or credit.
16 This exclusion shall not apply if the purchaser, in order to obtain the refund, is
17 required to purchase other tangible personal property or digital property at a price
18 greater than the amount charged for the property that is returned;

19 (17) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS
20 Chapter 138;

21 (18) The amount of any tax imposed by the United States upon or with respect to retail
22 sales, whether imposed on the retailer or the consumer, not including any
23 manufacturer's excise or import duty;

24 (19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which
25 is:

26 (a) Sold to a Kentucky resident, registered for use on the public highways, and
27 upon which any applicable tax levied by KRS 138.460 has been paid; or

- 1 (b) Sold to a nonresident of Kentucky if the nonresident registers the motor
 2 vehicle in a state that:
- 3 1. Allows residents of Kentucky to purchase motor vehicles without
 4 payment of that state's sales tax at the time of sale; or
 - 5 2. Allows residents of Kentucky to remove the vehicle from that state
 6 within a specific period for subsequent registration and use in Kentucky
 7 without payment of that state's sales tax;
- 8 (20) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and
 9 trailer as defined in KRS 189.010(17);
- 10 (21) Gross receipts from the collection of:
- 11 (a) Any fee or charge levied by a local government pursuant to KRS 65.760;
 - 12 (b) The charge imposed by KRS 65.7629(3);
 - 13 (c) The fee imposed by KRS 65.7634; and
 - 14 (d) The service charge imposed by KRS 65.7636;
- 15 (22) Gross receipts derived from charges for labor or services to apply, install, repair, or
 16 maintain tangible personal property directly used in manufacturing or industrial
 17 processing process of:
- 18 (a) Tangible personal property at a plant facility;
 - 19 (b) Distilled spirits or wine at a plant facility or on the premises of a distiller,
 20 rectifier, winery, or small farm winery licensed under KRS 243.030; or
 - 21 (c) Malt beverages at a plant facility or on the premises of a brewer or
 22 microbrewery licensed under KRS 243.040
- 23 that is not otherwise exempt under subsection (9) of this section or KRS
 24 139.480(10), if the charges for labor or services are separately stated on the invoice,
 25 bill of sale, or similar document given to purchaser;
- 26 (23) (a) For persons selling services included in subsection (1)(b)7. to 17. of Section
 27 22 of this Act ~~[KRS 139.200(2)(g) to (q)]~~ prior to January 1, 2019, gross

1 receipts derived from the sale of those services if the gross receipts were less
 2 than six thousand dollars (\$6,000) during calendar year 2018. When gross
 3 receipts from these services exceed six thousand dollars (\$6,000) in a calendar
 4 year:

- 5 1. All gross receipts over six thousand dollars (\$6,000) are taxable in that
- 6 calendar year; and
- 7 2. All gross receipts are subject to tax in subsequent calendar years.

8 (b) The exemption provided in this subsection shall not apply to a person also
 9 engaged in the business of selling tangible personal property, digital property,
 10 or services included in subsection (1)(b)1. to 6. of Section 22 of this Act
 11 [~~KRS 139.200(2)(a) to (f)~~]; and

12 (24) (a) For persons that first begin making sales of services included in subsection
 13 (1)(b)7. to 17. of Section 22 of this Act [~~KRS 139.200(2)(g) to (q)~~] on or after
 14 January 1, 2019, gross receipts derived from the sale of those services if the
 15 gross receipts are less than six thousand dollars (\$6,000) within the first
 16 calendar year of operation. When gross receipts from these services exceed six
 17 thousand dollars (\$6,000) in a calendar year:

- 18 1. All gross receipts over six thousand dollars (\$6,000) are taxable in that
- 19 calendar year; and
- 20 2. All gross receipts are subject to tax in subsequent calendar years.

21 (b) The exemption provided in this subsection shall not apply to a person that is
 22 also engaged in the business of selling tangible personal property, digital
 23 property, or services included in subsection (1)(b)1. to 6. of Section 22 of this
 24 Act [~~KRS 139.200(2)(a) to (f)~~].

25 ➔Section 28. KRS 139.600 is amended to read as follows:

26 For the purposes of the sales tax, gross receipts from rentals or leases of tangible personal
 27 property and from the retail sale of cannabis and cannabis products, as defined in

1 Section 1 of this Act, shall be reported and the tax paid in accordance with such rules and
2 regulations as the department may prescribe.

3 ➔SECTION 29. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
4 READ AS FOLLOWS:

5 (1) (a) There is established in the State Treasury a permanent and perpetual fund
6 to be known as the "cannabis fund" to which shall be credited any funds
7 from license and permit fees as established in Section 3 of this Act, fines in
8 lieu of suspension pursuant to Section 13 of this Act, and wholesale taxes
9 pursuant to Section 18 of this Act.

10 (b) The General Assembly's highest priority for distributing any funds from
11 this account shall be for minority business grants and substance abuse
12 treatment, and to that end, a minimum of twenty-five percent (25%) of the
13 funds shall be appropriated for these purposes.

14 (c) The remainder of the funds shall be appropriated by the General Assembly
15 as set forth in a biennial budget.

16 (2) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal
17 year shall not lapse but shall be carried forward into the next fiscal year.

18 (3) Moneys deposited into the fund are hereby appropriated for the purposes set forth
19 in this section and shall not be appropriated or transferred by the General
20 Assembly for any other purposes.

21 (4) Interest earned from moneys in the fund shall become part of the fund and shall
22 not lapse.

23 (5) This fund shall be administered by the Cannabis Development Board established
24 in Section 30 of this Act.

25 ➔SECTION 30. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
26 READ AS FOLLOWS:

27 (1) The Cannabis Development Board is created as a political subdivision of the

1 Commonwealth to perform essential governmental and public functions by
2 administering funds to provide economic assistance to the Commonwealth. The
3 board shall be a public agency within the meaning of KRS 61.805, 61.870, and
4 other applicable statutes.

5 (2) The board shall consist of sixteen (16) members as follows:

6 (a) Five (5) voting members or their designees, as follows:

7 1. The Governor of the Commonwealth of Kentucky, who shall serve as
8 chair;

9 2. The Commissioner of the Kentucky Department of Agriculture, who
10 shall serve as vice chair and shall serve as chair in the absence of the
11 Governor;

12 3. The secretary of the Cabinet for Economic Development;

13 4. The director of the University of Kentucky Cooperative Extension
14 Service; and

15 5. The president of Kentucky State University; and

16 (b) Eleven (11) voting members appointed by the Governor, who shall be
17 geographically distributed throughout the state and subject to confirmation
18 by the House of Representatives and Senate as provided in KRS 11.160(2).
19 The members shall be as follows:

20 1. One (1) representative from the Cabinet for Health and Family
21 Services with mental health experience;

22 2. One (1) active cannabis cultivator;

23 3. One (1) cannabis retailer representative;

24 4. One (1) cannabis testing facility representative;

25 5. One (1) cannabis processor representative;

26 6. Two (2) at-large members;

27 7. One (1) addiction specialist;

- 1 8. One (1) representative of the Kentucky Chamber of Commerce, who
2 shall be an agribusiness person;
- 3 9. One (1) attorney with small business or education law experience; and
4 10. One (1) small business lender.
- 5 (3) The members appointed under subsection (2)(b)8. of this section shall be chosen
6 from a list of three (3) nominees submitted to the Governor by the respective
7 organization.
- 8 (4) Consideration shall be given to racial and gender equity in the appointment of
9 board members.
- 10 (5) Members of the board shall be reimbursed for expenses incurred in the
11 performance of their duties.
- 12 (6) Except as provided in paragraphs (a) to (d) of this subsection, the terms of the
13 members appointed by the Governor shall be for four (4) years and until their
14 successors are appointed and confirmed. A vacancy on the board shall be filled
15 for the remainder of the unexpired term in the same manner as the original
16 appointment. Members may be reappointed. The initial appointments shall be for
17 staggered terms, as follows:
- 18 (a) Two (2) members shall be appointed for one (1) year;
19 (b) Three (3) members shall be appointed for two (2) years;
20 (c) Three (3) members shall be appointed for three (3) years; and
21 (d) Three (3) members shall be appointed for four (4) years.
- 22 (7) The Governor shall convene the first meeting of the board by August 1, 2021.
- 23 (8) The board shall meet monthly, or at the call of the chair or a majority of the
24 voting members.
- 25 (9) A quorum of the board shall consist of nine (9) voting members. A majority of the
26 voting members present may act upon matters before the board.
- 27 (10) The board shall be attached to the Office of the Governor for administrative

1 purposes.

2 ➔SECTION 31. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
3 READ AS FOLLOWS:

4 *The board's duties shall include but not be limited to:*

- 5 *(1) Administering the cannabis fund created in Section 29 of this Act;*
- 6 *(2) Receiving requests and applications for funds and authorizing the distribution of*
7 *funds;*
- 8 *(3) Developing guidelines and criteria for eligibility for and disbursement of funds,*
9 *the types of direct and indirect economic assistance to be awarded, and*
10 *procedures for applying for funds and reviewing applications for assistance;*
- 11 *(4) Preparing a biennial budget request in accordance with KRS Chapter 48;*
- 12 *(5) Working with other governmental agencies to maximize the financial and*
13 *economic impact that the programs implemented by the board will have and to*
14 *maximize receipt of federal and other funds to the Commonwealth;*
- 15 *(6) Promulgating administrative regulations relating to carrying out the purposes of*
16 *Sections 29, 30, and 31 of this Act;*
- 17 *(7) Hiring a director to carry out the will of the board;*
- 18 *(8) Contracting with other persons or entities if necessary to effectuate the board's*
19 *purposes and functions;*
- 20 *(9) Enacting bylaws concerning the conduct of the board's business and other*
21 *administrative procedures as the board deems necessary;*
- 22 *(10) Developing criteria to evaluate the success of the board's programs and*
23 *expenditures to applicants. The criteria shall be simple, easily measured, and*
24 *easily understood;*
- 25 *(11) Providing reports of each meeting, along with expenditures approved or denied,*
26 *within thirty (30) days of the meeting, to the Cannabis Fund Oversight*
27 *Committee created by Section 32 of this Act. These reports shall contain detailed*

1 information relating to each expenditure by the board and detailed information
2 on each application for funding a project or initiative by the board and decision
3 by the board regarding each proposal, except information that may violate
4 confidentiality. This information shall be provided by electronic format as
5 prescribed by the Legislative Research Commission; and

6 (12) Submitting an annual written report to the Governor, the Commissioner of
7 Agriculture, the Cannabis Fund Oversight Committee, and the Legislative
8 Research Commission regarding the administrative, financial, and programmatic
9 activities of the board.

10 ➔SECTION 32. A NEW SECTION OF KRS CHAPTER 245 IS CREATED TO
11 READ AS FOLLOWS:

12 (1) There is created a permanent subcommittee of the Legislative Research
13 Commission to be known as the Cannabis Fund Oversight Committee. The
14 subcommittee shall be composed of twelve (12) members and shall include four
15 (4) members of the House of Representatives appointed by the Speaker; two (2)
16 members of the minority party in the House of Representatives appointed by the
17 Minority Floor Leader; four (4) members of the Senate appointed by the
18 President; and two (2) members of the minority party in the Senate appointed by
19 the Minority Floor Leader. The members of the subcommittee shall serve for
20 terms of two (2) years. The appointed members from each chamber shall elect
21 one (1) member from their chamber to serve as co-chair. Any vacancy that may
22 occur in the membership of the subcommittee shall be filled pursuant to this
23 subsection by the same appointing authority who made the original appointment.

24 (2) The co-chairs shall have joint responsibilities for committee meeting agendas and
25 presiding at committee meetings. The members of the subcommittee shall be
26 compensated for attending meetings as provided in KRS 7.090(3) and 7.110(5).

27 (3) A majority of the entire membership of the Cannabis Fund Oversight Committee

1 shall constitute a quorum, and all actions of the subcommittee shall be by vote of
2 a majority of its entire membership.

3 (4) Any professional, clerical, or other employees required by the subcommittee shall
4 be provided in accordance with KRS 7.090(4) and (5).

5 (5) The subcommittee shall review each project being submitted to the Cannabis
6 Development Board.

7 (6) If the board proceeds with approval of a project under the agricultural
8 development fund that the subcommittee has recommended in writing not be
9 approved, or refuses to approve a project that the subcommittee has
10 recommended in writing be approved, the board shall provide a written
11 explanation to the subcommittee as to why the board took that action on the
12 project. The written explanation shall be sent within thirty (30) days of receiving
13 the subcommittee's notification.

14 (7) The subcommittee shall maintain records of its findings and determinations. The
15 records shall be transmitted to the appropriate interim joint committees of the
16 Legislative Research Commission within thirty (30) days of making any
17 determination.

18 ➔Section 33. KRS 2.015 is amended to read as follows:

19 Persons of the age of eighteen (18) years are of the age of majority for all purposes in this
20 Commonwealth except for the purchase of alcoholic beverages, the purchase of
21 cannabis, cannabis products, and cannabis accessories, and for purposes of care and
22 treatment of children with disabilities, for which twenty-one (21) years is the age of
23 majority, all other statutes to the contrary notwithstanding.

24 ➔Section 34. KRS 241.020 is amended to read as follows:

25 (1) The department shall administer statutes relating to, and regulate traffic in,
26 alcoholic beverages, cannabis, and cannabis products, except that the collection of
27 taxes shall be administered by the Department of Revenue. The department may

1 issue advisory opinions and declaratory rulings related to KRS Chapters 241 to
2 ~~245~~~~[244]~~ and the administrative regulations promulgated under those chapters.

3 (2) A Division of Distilled Spirits, under the supervision of the board, shall administer
4 the laws in relation to traffic in distilled spirits and wine.

5 (3) A Division of Malt Beverages, under the supervision of the board, shall administer
6 the laws in relation to traffic in malt beverages.

7 **(4) A Division of Cannabis, under the supervision of the board, shall administer the**
8 **laws in relation to traffic in cannabis.**

9 ➔Section 35. KRS 241.030 is amended to read as follows:

10 The Alcoholic Beverage Control Board shall consist of:

11 **(1)** The commissioner of **the Department of** Alcoholic Beverage Control, **who shall**
12 **serve as chair of the board;** and

13 **(2)** ~~Three~~ **(3)**~~[two (2)]~~ persons appointed by the secretary of the Public Protection
14 Cabinet with the approval of the Governor, **as follows:**

15 **(a)** **One (1) person** who shall ~~have~~~~[be persons with]~~ administrative experience in
16 the field of alcoholic beverage control, **who**~~[One (1) of these persons]~~ shall
17 serve as administrator of the Division of Distilled Spirits;~~[;]~~

18 **(b)** **One (1) person who shall have administrative experience in the field of**
19 **alcoholic beverage control, who**~~[and the other]~~ shall serve as administrator of
20 the Division of Malt Beverages; **and**

21 **(c)** **One (1) person who shall have administrative experience in the field of**
22 **cannabis control, who shall serve as administrator of the Division of**
23 **Cannabis.**~~[The commissioner shall be chairman of the board.]~~

24 ➔Section 36. KRS 241.060 is amended to read as follows:

25 The board shall have the following functions, powers, and duties:

26 (1) To promulgate reasonable administrative regulations governing procedures relative
27 to the applications for and revocations of licenses, the supervision and control of the

1 use, manufacture, sale, transportation, storage, advertising, and trafficking of
 2 alcoholic beverages and the cultivation, processing, testing, and trafficking of
 3 cannabis, and all other matters over which the board has jurisdiction.
 4 Administrative regulations need not be uniform in their application but may vary in
 5 accordance with reasonable classifications;

6 (2) To limit in its sound discretion the number of licenses of each kind or class to be
 7 issued in this state or any political subdivision, and restrict the locations of licensed
 8 premises. To this end, the board may make reasonable division and subdivision of
 9 the state or any political subdivision into districts. Administrative regulations
 10 relating to the approval, denial, and revocation of licenses may be different within
 11 the several divisions or subdivisions;

12 (3) To hold hearings in accordance with the provisions of KRS Chapter 13B. The
 13 department may pay witnesses the per diem and mileage provided in KRS 421.015;

14 (4) To conduct hearings and appeals under KRS 241.150, 241.200, 241.260, 243.470,
 15 ~~and~~ 243.520, and Section 12 of this Act, and render final orders upon the subjects
 16 of the hearings and appeals;

17 (5) To order the destruction of evidence in the department's possession after all
 18 administrative and judicial proceedings are conducted;

19 (6) To suspend, revoke, or cancel for cause, after a hearing in accordance with KRS
 20 Chapter 13B, any license; and

21 (7) To prohibit the issuance of a license for the premises until the expiration of two (2)
 22 years from the time the offense was committed if a violation of KRS Chapters 241
 23 to ~~245~~[244] has taken place on the premises which the owner knew of or should
 24 have known of, or was committed or permitted in or on the premises owned by the
 25 licensee.

26 ➔Section 37. KRS 241.090 is amended to read as follows:

27 State administrators and all investigators shall have the full police powers of peace

1 officers, and their jurisdiction shall be coextensive with the state. They may inspect any
 2 premises where alcoholic beverages or cannabis is~~are~~ manufactured, cultivated,
 3 processed, sold, stored, or otherwise trafficked in, without first obtaining a search
 4 warrant. They may confiscate any contraband property.

5 ➔Section 38. KRS 243.025 is amended to read as follows:

6 (1) All of the fees paid into the State Treasury for state licenses issued pursuant to
 7 KRS Chapters 241 to 244, all application fees paid into the State Treasury for
 8 applications for licensure under KRS Chapter 245, and payments from fines in
 9 lieu of suspension pursuant to Section 13 of this Act, shall be credited to a
 10 revolving trust and agency account, as provided in KRS 45.253, for the Department
 11 of Alcoholic Beverage Control.

12 (2) All fees associated with the department's server training program shall be collected
 13 on a cost recovery basis and shall be credited to the revolving trust and agency
 14 account established under subsection (1) of this section.

15 (3) These moneys shall be used solely for the administration and enforcement of KRS
 16 Chapters 241 to 245~~244~~. The moneys in the account shall not lapse at the close of
 17 the fiscal year.

18 ➔Section 39. KRS 218A.1421 is amended to read as follows:

19 (1) A person is guilty of trafficking in marijuana when he:

20 (a) Knowingly and unlawfully traffics in marijuana; or

21 (b) When a person licensed under KRS Chapter 245 transfers cannabis outside
 22 the limitations of the license.

23 (2) Trafficking in less than eight (8) ounces of marijuana is:

24 (a) For a first offense a Class A misdemeanor.

25 (b) For a second or subsequent offense a Class D felony.

26 (3) Trafficking in eight (8) or more ounces but less than five (5) pounds of marijuana
 27 is:

- 1 (a) For a first offense a Class D felony.
- 2 (b) For a second or subsequent offense a Class C felony.
- 3 (4) Trafficking in five (5) or more pounds of marijuana is:
- 4 (a) For a first offense a Class C felony.
- 5 (b) For a second or subsequent offense a Class B felony.
- 6 (5) The unlawful possession by any person of eight (8) or more ounces of marijuana
- 7 shall be prima facie evidence that the person possessed the marijuana with the intent
- 8 to sell or transfer it.

9 **(6) The holder of a home grower permit under Section 6 of this Act growing**

10 **cannabis for his or her own use only shall not be in violation of this section by**

11 **plant weight only.**

12 ➔Section 40. KRS 218A.1422 is amended to read as follows:

- 13 (1) A person is guilty of possession of marijuana when he or she knowingly and
- 14 unlawfully possesses **more than one (1) ounce of** marijuana.
- 15 (2) Possession of marijuana is a Class B misdemeanor, except that, KRS Chapter 532
- 16 to the contrary notwithstanding, the maximum term of incarceration shall be no
- 17 greater than forty-five (45) days.

18 ➔Section 41. KRS 218A.1423 is amended to read as follows:

- 19 (1) **Except as listed in subsection (5) of this section,** a person is guilty of marijuana
- 20 cultivation when he knowingly and unlawfully plants, cultivates, or harvests
- 21 marijuana with the intent to sell or transfer it.
- 22 (2) Marijuana cultivation of five (5) or more plants of marijuana is:
- 23 (a) For a first offense a Class D felony.
- 24 (b) For a second or subsequent offense a Class C felony.
- 25 (3) Marijuana cultivation of fewer than five (5) plants is:
- 26 (a) For a first offense a Class A misdemeanor.
- 27 (b) For a second or subsequent offense a Class D felony.

1 (4) The planting, cultivating, or harvesting of five (5) or more marijuana plants shall be
2 prima facie evidence that the marijuana plants were planted, cultivated, or harvested
3 for the purpose of sale or transfer.

4 **(5) (a) A cannabis cultivator holding a license under Section 4 of this Act may**
5 **grow cannabis as authorized by its license type.**

6 **(b) The holder of a home grower permit under Section 6 of this Act may grow**
7 **cannabis as authorized by the permit.**

8 ➔Section 42. KRS 218A.500 is amended to read as follows:

9 As used in this section and KRS 218A.510:

10 (1) "Drug paraphernalia" means all equipment, products and materials of any kind
11 which are used, intended for use, or designed for use in planting, propagating,
12 cultivating, growing, harvesting, manufacturing, compounding, converting,
13 producing, processing, preparing, testing, analyzing, packaging, repackaging,
14 storing, containing, concealing, injecting, ingesting, inhaling, or otherwise
15 introducing into the human body a controlled substance in violation of this chapter.

16 It includes but is not limited to:

17 (a) Kits used, intended for use, or designed for use in planting, propagating,
18 cultivating, growing, or harvesting of any species of plant which is a
19 controlled substance or from which a controlled substance can be derived;

20 (b) Kits used, intended for use, or designed for use in manufacturing,
21 compounding, converting, producing, processing, or preparing controlled
22 substances;

23 (c) Isomerization devices used, intended for use, or designed for use in increasing
24 the potency of any species of plant which is a controlled substance;

25 (d) Testing equipment used, intended for use, or designed for use in identifying,
26 or in analyzing the strength, effectiveness or purity of controlled substances;

27 (e) Scales and balances used, intended for use, or designed for use in weighing or

- 1 measuring controlled substances;
- 2 (f) Diluents and adulterants, such as quinine hydrochloride, mannitol, mannite,
3 dextrose and lactose, used, intended for use, or designed for use in cutting
4 controlled substances;
- 5 (g) Separation gins and sifters used, intended for use, or designed for use in
6 removing twigs and seeds from, or in otherwise cleaning or refining
7 marijuana;
- 8 (h) Blenders, bowls, containers, spoons, and mixing devices used, intended for
9 use, or designed for use in compounding controlled substances;
- 10 (i) Capsules, balloons, envelopes, and other containers used, intended for use, or
11 designed for use in packaging small quantities of controlled substances;
- 12 (j) Containers and other objects used, intended for use, or designed for use in
13 storing or concealing controlled substances;
- 14 (k) Hypodermic syringes, needles, and other objects used, intended for use, or
15 designed for use in parenterally injecting controlled substances into the human
16 body; and
- 17 (l) Objects used, intended for use, or designed for use in ingesting, inhaling, or
18 otherwise introducing marijuana, cocaine, hashish, or hashish oil into the
19 human body, such as: metal, wooden, acrylic, glass, stone, plastic, or ceramic
20 pipes with or without screens, permanent screens, hashish heads, or punctured
21 metal bowls; water pipes; carburetion tubes and devices; smoking and
22 carburetion masks; roach clips which mean objects used to hold burning
23 material, such as marijuana cigarettes, that have become too small or too short
24 to be held in the hand; miniature cocaine spoons, and cocaine vials; chamber
25 pipes; carburetor pipes; electric pipes; air-driven pipes; chillums; bongs; ice
26 pipes or chillers.
- 27 (2) It is unlawful for any person to use, or to possess with intent to use, drug

1 paraphernalia for the purpose of planting, propagating, cultivating, growing,
2 harvesting, manufacturing, compounding, converting, producing, processing,
3 preparing, testing, analyzing, packing, repacking, storing, containing, concealing,
4 injecting, ingesting, inhaling, or otherwise introducing into the human body a
5 controlled substance in violation of this chapter.

6 (3) It is unlawful for any person to deliver, possess with intent to deliver, or
7 manufacture with intent to deliver, drug paraphernalia, knowing, or under
8 circumstances where one reasonably should know, that it will be used to plant,
9 propagate, cultivate, grow, harvest, manufacture, compound, convert, produce,
10 process, prepare, test, analyze, pack, repack, store, contain, conceal, inject, ingest,
11 inhale, or otherwise introduce into the human body a controlled substance in
12 violation of this chapter.

13 (4) It is unlawful for any person to place in any newspaper, magazine, handbill, or other
14 publication any advertisement, knowing, or under circumstances where one
15 reasonably should know, that the purpose of the advertisement, in whole or in part,
16 is to promote the sale of objects designed or intended for use as drug paraphernalia.

17 (5) (a) This section shall not prohibit a local health department from operating a
18 substance abuse treatment outreach program which allows participants to
19 exchange hypodermic needles and syringes.

20 (b) To operate a substance abuse treatment outreach program under this
21 subsection, the local health department shall have the consent, which may be
22 revoked at any time, of the local board of health and:

23 1. The legislative body of the first or home rule class city in which the
24 program would operate if located in such a city; and

25 2. The legislative body of the county, urban-county government, or
26 consolidated local government in which the program would operate.

27 (c) Items exchanged at the program shall not be deemed drug paraphernalia under

1 this section while located at the program.

2 (6) (a) Prior to searching a person, a person's premises, or a person's vehicle, a peace
3 officer may inquire as to the presence of needles or other sharp objects in the
4 areas to be searched that may cut or puncture the officer and offer to not
5 charge a person with possession of drug paraphernalia if the person declares to
6 the officer the presence of the needle or other sharp object. If, in response to
7 the offer, the person admits to the presence of the needle or other sharp object
8 prior to the search, the person shall not be charged with or prosecuted for
9 possession of drug paraphernalia for the needle or sharp object or for
10 possession of a controlled substance for residual or trace drug amounts present
11 on the needle or sharp object.

12 (b) The exemption under this subsection shall not apply to any other drug
13 paraphernalia that may be present and found during the search or to controlled
14 substances present in other than residual or trace amounts.

15 (7) Any person who violates any provision of this section shall be guilty of a Class A
16 misdemeanor.

17 **(8) Cannabis accessories as defined in Section 1 of this Act, and items used in the**
18 **cultivation of cannabis licensed under KRS Chapter 245, are excluded from this**
19 **section.**

20 ➔SECTION 43. A NEW SECTION OF KRS CHAPTER 431 IS CREATED TO
21 READ AS FOLLOWS:

22 **(1) Any person who has been convicted of a misdemeanor for possession of**
23 **marijuana or possession, delivery, or manufacture of marijuana-related drug**
24 **paraphernalia, may petition the court in which he or she was convicted for**
25 **expungement of his or her record, including a record of any charges for**
26 **misdemeanors, violations, or traffic infractions that were dismissed or amended**
27 **in the criminal action.**

1 (2) For a petition brought under this section, the court shall order expunged all
2 records in the custody of the court and any records in the custody of any other
3 agency or official, including law enforcement records, if the court finds that the
4 offense was for a misdemeanor possession of marijuana or marijuana-related
5 drug paraphernalia, or the delivery or manufacture of marijuana-related drug
6 paraphernalia.

7 (3) Upon the entry of an order to expunge the records:

8 (a) The proceedings in the case shall be deemed never to have occurred;

9 (b) The court and other agencies shall cause records to be deleted or removed
10 from their computer systems so that the matter shall not appear on official
11 state-performed background checks;

12 (c) The persons and the court may properly reply that no record exists with
13 respect to the persons upon any inquiry in the matter; and

14 (d) The person whose record is expunged shall not have to disclose the fact of
15 the record or any matter relating thereto on an application for employment,
16 credit, or other type of application.

17 (4) There shall be no filing fee or court costs for a petition under this section.

18 (5) Copies of the order shall be sent to the Department of Kentucky State Police
19 Criminal Identification and Records Branch, and to each agency or official
20 named in the order.

21 (6) Inspection of the records included in the order may thereafter be permitted by the
22 court only upon petition by the person who is the subject of the records and only
23 to those persons named in the petition.

24 (7) This section shall be deemed to be retroactive.

25 ➔Section 44. KRS 431.079 is amended to read as follows:

26 (1) Every petition or application filed seeking expungement of a conviction, except for
27 a petition filed under Section 43 of this Act, shall include a certification of

1 eligibility for expungement. The Department of Kentucky State Police and the
2 Administrative Office of the Courts shall certify that the agencies have conducted a
3 criminal background check on the petitioner and whether or not the petitioner is
4 eligible to have the requested record expunged. The Department of Kentucky State
5 Police shall promulgate administrative regulations to implement this section, in
6 consultation with the Administrative Office of the Courts.

7 (2) Nothing in this section shall be construed to prohibit the expungement of a case
8 ordered by a court of competent jurisdiction.

9 (3) For the purposes of this section, KRS 431.073, 431.076, and 431.078,
10 "expungement" means the removal or deletion of records by the court and other
11 agencies which prevents the matter from appearing on official state-performed
12 background checks.

13 ➔Section 45. KRS 131.1815 is amended to read as follows:

14 (1) Whenever it is determined that a taxpayer, who holds a license under KRS Chapter
15 243 or 245, is a delinquent taxpayer as defined in subsection (2) of this section, the
16 department may, after giving notice as provided in subsection (3) of this section,
17 submit the name of the taxpayer to the Department of Alcoholic Beverage Control
18 for revocation of any license issued under KRS Chapter 243 or 245.

19 (2) Any of the following situations shall be sufficient to cause a taxpayer to be
20 classified as a "delinquent taxpayer" for purposes of this section:

21 (a) When a taxpayer has an overdue state tax liability arising directly or indirectly
22 from the:

23 1. Manufacture, sale, transportation, or distribution of alcoholic beverages
24 or

25 2. *Cultivation, processing, or sale of cannabis, cannabis products, and*
26 *cannabis accessories;*

27 for which all protest and appeal rights granted by law have expired, and the taxpayer

1 has been contacted by the department concerning the overdue tax liability. This
 2 does not include a taxpayer who is making current timely installment payments on
 3 the overdue tax liability under agreement with the department;

4 (b) When a taxpayer has not filed a required tax return as of ninety (90) days after
 5 the due date or after the extended due date, and the taxpayer has been
 6 contacted by the department concerning the delinquent return; or

7 (c) When an owner, partner, or corporate officer of a proprietorship, partnership,
 8 or corporation holding a license under KRS Chapter 243 or 245 held a similar
 9 position in a business whose license was revoked as a "delinquent taxpayer,"
 10 and the tax liability remains unpaid as of ninety (90) days after the due date.

11 (3) At least twenty (20) days before submitting a taxpayer's name to the Department of
 12 Alcoholic Beverage Control as provided in subsection (1) of this section, the
 13 department shall notify the taxpayer by certified mail that the action is to be taken.
 14 The notice shall state the reason for the action and shall set out the amount of any
 15 tax liability including any applicable penalties and interest and any other area of
 16 noncompliance that must be satisfied in order to prevent the submission of his name
 17 to the Department of Alcoholic Beverage Control as a delinquent taxpayer.

18 ➔Section 46. KRS 600.020 is amended to read as follows:

19 As used in KRS Chapters 600 to 645, unless the context otherwise requires:

20 (1) "Abused or neglected child" means a child whose health or welfare is harmed or
 21 threatened with harm when:

22 (a) His or her parent, guardian, person in a position of authority or special trust, as
 23 defined in KRS 532.045, or other person exercising custodial control or
 24 supervision of the child:

25 1. Inflicts or allows to be inflicted upon the child physical or emotional
 26 injury as defined in this section by other than accidental means;

27 2. Creates or allows to be created a risk of physical or emotional injury as

- 1 defined in this section to the child by other than accidental means;
- 2 3. Engages in a pattern of conduct that renders the parent incapable of
- 3 caring for the immediate and ongoing needs of the child, including but
- 4 not limited to parental incapacity due to a substance use disorder as
- 5 defined in KRS 222.005;
- 6 4. Continuously or repeatedly fails or refuses to provide essential parental
- 7 care and protection for the child, considering the age of the child;
- 8 5. Commits or allows to be committed an act of sexual abuse, sexual
- 9 exploitation, or prostitution upon the child;
- 10 6. Creates or allows to be created a risk that an act of sexual abuse, sexual
- 11 exploitation, or prostitution will be committed upon the child;
- 12 7. Abandons or exploits the child;
- 13 8. Does not provide the child with adequate care, supervision, food,
- 14 clothing, shelter, and education or medical care necessary for the child's
- 15 well-being. A parent or other person exercising custodial control or
- 16 supervision of the child legitimately practicing the person's religious
- 17 beliefs shall not be considered a negligent parent solely because of
- 18 failure to provide specified medical treatment for a child for that reason
- 19 alone. This exception shall not preclude a court from ordering necessary
- 20 medical services for a child;
- 21 9. Fails to make sufficient progress toward identified goals as set forth in
- 22 the court-approved case plan to allow for the safe return of the child to
- 23 the parent that results in the child remaining committed to the cabinet
- 24 and remaining in foster care for fifteen (15) cumulative months out of
- 25 forty-eight (48) months; or
- 26 10. Commits or allows female genital mutilation as defined in KRS 508.125
- 27 to be committed; or

- 1 (b) A person twenty-one (21) years of age or older commits or allows to be
2 committed an act of sexual abuse, sexual exploitation, or prostitution upon a
3 child less than sixteen (16) years of age;
- 4 (2) "Age or developmentally appropriate" has the same meaning as in 42 U.S.C. sec.
5 675(11);
- 6 (3) "Aggravated circumstances" means the existence of one (1) or more of the
7 following conditions:
- 8 (a) The parent has not attempted or has not had contact with the child for a period
9 of not less than ninety (90) days;
- 10 (b) The parent is incarcerated and will be unavailable to care for the child for a
11 period of at least one (1) year from the date of the child's entry into foster care
12 and there is no appropriate relative placement available during this period of
13 time;
- 14 (c) The parent has sexually abused the child and has refused available treatment;
- 15 (d) The parent has been found by the cabinet to have engaged in abuse of the
16 child that required removal from the parent's home two (2) or more times in
17 the past two (2) years; or
- 18 (e) The parent has caused the child serious physical injury;
- 19 (4) "Beyond the control of parents" means a child who has repeatedly failed to follow
20 the reasonable directives of his or her parents, legal guardian, or person exercising
21 custodial control or supervision other than a state agency, which behavior results in
22 danger to the child or others, and which behavior does not constitute behavior that
23 would warrant the filing of a petition under KRS Chapter 645;
- 24 (5) "Beyond the control of school" means any child who has been found by the court to
25 have repeatedly violated the lawful regulations for the government of the school as
26 provided in KRS 158.150, and as documented in writing by the school as a part of
27 the school's petition or as an attachment to the school's petition. The petition or

- 1 attachment shall describe the student's behavior and all intervention strategies
2 attempted by the school;
- 3 (6) "Boarding home" means a privately owned and operated home for the boarding and
4 lodging of individuals which is approved by the Department of Juvenile Justice or
5 the cabinet for the placement of children committed to the department or the
6 cabinet;
- 7 (7) "Cabinet" means the Cabinet for Health and Family Services;
- 8 (8) "Certified juvenile facility staff" means individuals who meet the qualifications of,
9 and who have completed a course of education and training in juvenile detention
10 developed and approved by, the Department of Juvenile Justice after consultation
11 with other appropriate state agencies;
- 12 (9) "Child" means any person who has not reached his or her eighteenth birthday,
13 unless otherwise provided;
- 14 (10) "Child-caring facility" means any facility or group home other than a state facility,
15 Department of Juvenile Justice contract facility or group home, or one certified by
16 an appropriate agency as operated primarily for educational or medical purposes,
17 providing residential care on a twenty-four (24) hour basis to children not related by
18 blood, adoption, or marriage to the person maintaining the facility;
- 19 (11) "Child-placing agency" means any agency, other than a state agency, which
20 supervises the placement of children in foster family homes or child-caring facilities
21 or which places children for adoption;
- 22 (12) "Clinical treatment facility" means a facility with more than eight (8) beds
23 designated by the Department of Juvenile Justice or the cabinet for the treatment of
24 mentally ill children. The treatment program of such facilities shall be supervised by
25 a qualified mental health professional;
- 26 (13) "Commitment" means an order of the court which places a child under the custodial
27 control or supervision of the Cabinet for Health and Family Services, Department of

- 1 Juvenile Justice, or another facility or agency until the child attains the age of
2 eighteen (18) unless otherwise provided by law;
- 3 (14) "Community-based facility" means any nonsecure, homelike facility licensed,
4 operated, or permitted to operate by the Department of Juvenile Justice or the
5 cabinet, which is located within a reasonable proximity of the child's family and
6 home community, which affords the child the opportunity, if a Kentucky resident, to
7 continue family and community contact;
- 8 (15) "Complaint" means a verified statement setting forth allegations in regard to the
9 child which contain sufficient facts for the formulation of a subsequent petition;
- 10 (16) "Court" means the juvenile session of District Court unless a statute specifies the
11 adult session of District Court or the Circuit Court;
- 12 (17) "Court-designated worker" means that organization or individual delegated by the
13 Administrative Office of the Courts for the purposes of placing children in
14 alternative placements prior to arraignment, conducting preliminary investigations,
15 and formulating, entering into, and supervising diversion agreements and
16 performing such other functions as authorized by law or court order;
- 17 (18) "Deadly weapon" has the same meaning as it does in KRS 500.080;
- 18 (19) "Department" means the Department for Community Based Services;
- 19 (20) "Dependent child" means any child, other than an abused or neglected child, who is
20 under improper care, custody, control, or guardianship that is not due to an
21 intentional act of the parent, guardian, or person exercising custodial control or
22 supervision of the child;
- 23 (21) "Detention" means the safe and temporary custody of a juvenile who is accused of
24 conduct subject to the jurisdiction of the court who requires a restricted or closely
25 supervised environment for his or her own or the community's protection;
- 26 (22) "Detention hearing" means a hearing held by a judge or trial commissioner within
27 twenty-four (24) hours, exclusive of weekends and holidays, of the start of any

- 1 period of detention prior to adjudication;
- 2 (23) "Diversion agreement" means a mechanism designed to hold a child accountable for
3 his or her behavior and, if appropriate, securing services to serve the best interest of
4 the child and to provide redress for that behavior without court action and without
5 the creation of a formal court record;
- 6 (24) "Eligible youth" means a person who:
- 7 (a) Is or has been committed to the cabinet as dependent, neglected, or abused;
- 8 (b) Is eighteen (18) years of age to nineteen (19) years of age; and
- 9 (c) Is requesting to extend or reinstate his or her commitment to the cabinet in
10 order to participate in state or federal educational programs or to establish
11 independent living arrangements;
- 12 (25) "Emergency shelter" is a group home, private residence, foster home, or similar
13 homelike facility which provides temporary or emergency care of children and
14 adequate staff and services consistent with the needs of each child;
- 15 (26) "Emotional injury" means an injury to the mental or psychological capacity or
16 emotional stability of a child as evidenced by a substantial and observable
17 impairment in the child's ability to function within a normal range of performance
18 and behavior with due regard to his or her age, development, culture, and
19 environment as testified to by a qualified mental health professional;
- 20 (27) "Evidence-based practices" means policies, procedures, programs, and practices
21 proven by scientific research to reliably produce reductions in recidivism;
- 22 (28) "Fictive kin" means an individual who is not related by birth, adoption, or marriage
23 to a child, but who has an emotionally significant relationship with the child;
- 24 (29) "Firearm" shall have the same meaning as in KRS 237.060 and 527.010;
- 25 (30) "Foster family home" means a private home in which children are placed for foster
26 family care under supervision of the cabinet or a licensed child-placing agency;
- 27 (31) "Graduated sanction" means any of a continuum of accountability measures,

1 programs, and sanctions, ranging from less restrictive to more restrictive in nature,
2 that may include but are not limited to:

- 3 (a) Electronic monitoring;
- 4 (b) Drug and alcohol screening, testing, or monitoring;
- 5 (c) Day or evening reporting centers;
- 6 (d) Reporting requirements;
- 7 (e) Community service; and
- 8 (f) Rehabilitative interventions such as family counseling, substance abuse
9 treatment, restorative justice programs, and behavioral or mental health
10 treatment;

11 (32) "Habitual runaway" means any child who has been found by the court to have been
12 absent from his or her place of lawful residence without the permission of his or her
13 custodian for at least three (3) days during a one (1) year period;

14 (33) "Habitual truant" means any child who has been found by the court to have been
15 reported as a truant as defined in KRS 159.150(1) two (2) or more times during a
16 one (1) year period;

17 (34) "Hospital" means, except for purposes of KRS Chapter 645, a licensed private or
18 public facility, health care facility, or part thereof, which is approved by the cabinet
19 to treat children;

20 (35) "Independent living" means those activities necessary to assist a committed child to
21 establish independent living arrangements;

22 (36) "Informal adjustment" means an agreement reached among the parties, with
23 consultation, but not the consent, of the victim of the crime or other persons
24 specified in KRS 610.070 if the victim chooses not to or is unable to participate,
25 after a petition has been filed, which is approved by the court, that the best interest
26 of the child would be served without formal adjudication and disposition;

27 (37) "Intentionally" means, with respect to a result or to conduct described by a statute

- 1 which defines an offense, that the actor's conscious objective is to cause that result
2 or to engage in that conduct;
- 3 (38) "Least restrictive alternative" means, except for purposes of KRS Chapter 645, that
4 the program developed on the child's behalf is no more harsh, hazardous, or
5 intrusive than necessary; or involves no restrictions on physical movements nor
6 requirements for residential care except as reasonably necessary for the protection
7 of the child from physical injury; or protection of the community, and is conducted
8 at the suitable available facility closest to the child's place of residence to allow for
9 appropriate family engagement;
- 10 (39) "Motor vehicle offense" means any violation of the nonfelony provisions of KRS
11 Chapters 186, 189, or 189A, KRS 177.300, 304.39-110, or 304.39-117;
- 12 (40) "Near fatality" means an injury that, as certified by a physician, places a child in
13 serious or critical condition;
- 14 (41) "Needs of the child" means necessary food, clothing, health, shelter, and education;
- 15 (42) "Nonoffender" means a child alleged to be dependent, neglected, or abused and who
16 has not been otherwise charged with a status or public offense;
- 17 (43) "Nonsecure facility" means a facility which provides its residents access to the
18 surrounding community and which does not rely primarily on the use of physically
19 restricting construction and hardware to restrict freedom;
- 20 (44) "Nonsecure setting" means a nonsecure facility or a residential home, including a
21 child's own home, where a child may be temporarily placed pending further court
22 action. Children before the court in a county that is served by a state operated secure
23 detention facility, who are in the detention custody of the Department of Juvenile
24 Justice, and who are placed in a nonsecure alternative by the Department of
25 Juvenile Justice, shall be supervised by the Department of Juvenile Justice;
- 26 (45) "Out-of-home placement" means a placement other than in the home of a parent,
27 relative, or guardian, in a boarding home, clinical treatment facility, community-

- 1 based facility, detention facility, emergency shelter, fictive kin home, foster family
2 home, hospital, nonsecure facility, physically secure facility, residential treatment
3 facility, or youth alternative center;
- 4 (46) "Parent" means the biological or adoptive mother or father of a child;
- 5 (47) "Person exercising custodial control or supervision" means a person or agency that
6 has assumed the role and responsibility of a parent or guardian for the child, but that
7 does not necessarily have legal custody of the child;
- 8 (48) "Petition" means a verified statement, setting forth allegations in regard to the child,
9 which initiates formal court involvement in the child's case;
- 10 (49) "Physical injury" means substantial physical pain or any impairment of physical
11 condition;
- 12 (50) "Physically secure facility" means a facility that relies primarily on the use of
13 construction and hardware such as locks, bars, and fences to restrict freedom;
- 14 (51) "Public offense action" means an action, excluding contempt, brought in the interest
15 of a child who is accused of committing an offense under KRS Chapter 527 or a
16 public offense which, if committed by an adult, would be a crime, whether the same
17 is a felony, misdemeanor, or violation, other than an action alleging that a child
18 sixteen (16) years of age or older has committed a motor vehicle offense;
- 19 (52) "Qualified mental health professional" means:
- 20 (a) A physician licensed under the laws of Kentucky to practice medicine or
21 osteopathy, or a medical officer of the government of the United States while
22 engaged in the performance of official duties;
- 23 (b) A psychiatrist licensed under the laws of Kentucky to practice medicine or
24 osteopathy, or a medical officer of the government of the United States while
25 engaged in the practice of official duties, and who is certified or eligible to
26 apply for certification by the American Board of Psychiatry and Neurology,
27 Inc.;

- 1 (c) A psychologist with the health service provider designation, a psychological
2 practitioner, a certified psychologist, or a psychological associate licensed
3 under the provisions of KRS Chapter 319;
- 4 (d) A licensed registered nurse with a master's degree in psychiatric nursing from
5 an accredited institution and two (2) years of clinical experience with mentally
6 ill persons, or a licensed registered nurse with a bachelor's degree in nursing
7 from an accredited institution who is certified as a psychiatric and mental
8 health nurse by the American Nurses Association and who has three (3) years
9 of inpatient or outpatient clinical experience in psychiatric nursing and who is
10 currently employed by a hospital or forensic psychiatric facility licensed by
11 the Commonwealth or a psychiatric unit of a general hospital or a regional
12 comprehensive care center;
- 13 (e) A licensed clinical social worker licensed under the provisions of KRS
14 335.100, or a certified social worker licensed under the provisions of KRS
15 335.080 with three (3) years of inpatient or outpatient clinical experience in
16 psychiatric social work and currently employed by a hospital or forensic
17 psychiatric facility licensed by the Commonwealth or a psychiatric unit of a
18 general hospital or a regional comprehensive care center;
- 19 (f) A marriage and family therapist licensed under the provisions of KRS 335.300
20 to 335.399 with three (3) years of inpatient or outpatient clinical experience in
21 psychiatric mental health practice and currently employed by a hospital or
22 forensic psychiatric facility licensed by the Commonwealth, a psychiatric unit
23 of a general hospital, or a regional comprehensive care center;
- 24 (g) A professional counselor credentialed under the provisions of KRS 335.500 to
25 335.599 with three (3) years of inpatient or outpatient clinical experience in
26 psychiatric mental health practice and currently employed by a hospital or
27 forensic facility licensed by the Commonwealth, a psychiatric unit of a general

- 1 hospital, or a regional comprehensive care center; or
- 2 (h) A physician assistant licensed under KRS 311.840 to 311.862, who meets one
- 3 (1) of the following requirements:
- 4 1. Provides documentation that he or she has completed a psychiatric
- 5 residency program for physician assistants;
- 6 2. Has completed at least one thousand (1,000) hours of clinical experience
- 7 under a supervising physician, as defined by KRS 311.840, who is a
- 8 psychiatrist and is certified or eligible for certification by the American
- 9 Board of Psychiatry and Neurology, Inc.;
- 10 3. Holds a master's degree from a physician assistant program accredited
- 11 by the Accreditation Review Commission on Education for the
- 12 Physician Assistant or its predecessor or successor agencies, is
- 13 practicing under a supervising physician as defined by KRS 311.840,
- 14 and:
- 15 a. Has two (2) years of clinical experience in the assessment,
- 16 evaluation, and treatment of mental disorders; or
- 17 b. Has been employed by a hospital or forensic psychiatric facility
- 18 licensed by the Commonwealth or a psychiatric unit of a general
- 19 hospital or a private agency or company engaged in the provision
- 20 of mental health services or a regional community program for
- 21 mental health and individuals with an intellectual disability for at
- 22 least two (2) years; or
- 23 4. Holds a bachelor's degree, possesses a current physician assistant
- 24 certificate issued by the board prior to July 15, 2002, is practicing under
- 25 a supervising physician as defined by KRS 311.840, and:
- 26 a. Has three (3) years of clinical experience in the assessment,
- 27 evaluation, and treatment of mental disorders; or

- 1 b. Has been employed by a hospital or forensic psychiatric facility
2 licensed by the Commonwealth or a psychiatric unit of a general
3 hospital or a private agency or company engaged in the provision
4 of mental health services or a regional community program for
5 mental health and individuals with an intellectual disability for at
6 least three (3) years;
- 7 (53) "Reasonable and prudent parent standard" has the same meaning as in 42 U.S.C.
8 sec. 675(10);
- 9 (54) "Residential treatment facility" means a facility or group home with more than eight
10 (8) beds designated by the Department of Juvenile Justice or the cabinet for the
11 treatment of children;
- 12 (55) "Retain in custody" means, after a child has been taken into custody, the continued
13 holding of the child by a peace officer for a period of time not to exceed twelve (12)
14 hours when authorized by the court or the court-designated worker for the purpose
15 of making preliminary inquiries;
- 16 (56) "Risk and needs assessment" means an actuarial tool scientifically proven to
17 identify specific factors and needs that are related to delinquent and noncriminal
18 misconduct;
- 19 (57) "School personnel" means those certified persons under the supervision of the local
20 public or private education agency;
- 21 (58) "Secretary" means the secretary of the Cabinet for Health and Family Services;
- 22 (59) "Secure juvenile detention facility" means any physically secure facility used for the
23 secure detention of children other than any facility in which adult prisoners are
24 confined;
- 25 (60) "Serious physical injury" means physical injury which creates a substantial risk of
26 death or which causes serious and prolonged disfigurement, prolonged impairment
27 of health, or prolonged loss or impairment of the function of any bodily member or

1 organ;

2 (61) "Sexual abuse" includes but is not necessarily limited to any contacts or interactions
3 in which the parent, guardian, person in a position of authority or special trust, as
4 defined in KRS 532.045, or other person having custodial control or supervision of
5 the child or responsibility for his or her welfare, uses or allows, permits, or
6 encourages the use of the child for the purposes of the sexual stimulation of the
7 perpetrator or another person;

8 (62) "Sexual exploitation" includes but is not limited to a situation in which a parent,
9 guardian, person in a position of authority or special trust, as defined in KRS
10 532.045, or other person having custodial control or supervision of a child or
11 responsible for his or her welfare, allows, permits, or encourages the child to engage
12 in an act which constitutes prostitution under Kentucky law; or a parent, guardian,
13 person in a position of authority or special trust, as defined in KRS 532.045, or
14 other person having custodial control or supervision of a child or responsible for his
15 or her welfare, allows, permits, or encourages the child to engage in an act of
16 obscene or pornographic photographing, filming, or depicting of a child as provided
17 for under Kentucky law;

18 (63) "Social service worker" means any employee of the cabinet or any private agency
19 designated as such by the secretary of the cabinet or a social worker employed by a
20 county or city who has been approved by the cabinet to provide, under its
21 supervision, services to families and children;

22 (64) "Staff secure facility for residential treatment" means any setting which assures that
23 all entrances and exits are under the exclusive control of the facility staff, and in
24 which a child may reside for the purpose of receiving treatment;

25 (65) (a) "Status offense action" is any action brought in the interest of a child who is
26 accused of committing acts, which if committed by an adult, would not be a
27 crime. Such behavior shall not be considered criminal or delinquent and such

1 children shall be termed status offenders. Status offenses shall include:

- 2 1. Beyond the control of school or beyond the control of parents;
- 3 2. Habitual runaway;
- 4 3. Habitual truant;~~and~~
- 5 4. Alcohol offenses as provided in KRS 244.085; **and**

6 **5. Cannabis offenses as provided in Section 14 of this Act.**

7 (b) Status offenses shall not include violations of state or local ordinances which
8 may apply to children such as a violation of curfew;

9 (66) "Take into custody" means the procedure by which a peace officer or other
10 authorized person initially assumes custody of a child. A child may be taken into
11 custody for a period of time not to exceed two (2) hours;

12 (67) "Transitional living support" means all benefits to which an eligible youth is
13 entitled upon being granted extended or reinstated commitment to the cabinet by the
14 court;

15 (68) "Transition plan" means a plan that is personalized at the direction of the youth that:

16 (a) Includes specific options on housing, health insurance, education, local
17 opportunities for mentors and continuing support services, and workforce
18 supports and employment services; and

19 (b) Is as detailed as the youth may elect;

20 (69) "Valid court order" means a court order issued by a judge to a child alleged or found
21 to be a status offender:

22 (a) Who was brought before the court and made subject to the order;

23 (b) Whose future conduct was regulated by the order;

24 (c) Who was given written and verbal warning of the consequences of the
25 violation of the order at the time the order was issued and whose attorney or
26 parent or legal guardian was also provided with a written notice of the
27 consequences of violation of the order, which notification is reflected in the

1 record of the court proceedings; and

2 (d) Who received, before the issuance of the order, the full due process rights
3 guaranteed by the Constitution of the United States;

4 (70) "Violation" means any offense, other than a traffic infraction, for which a sentence
5 of a fine only can be imposed;

6 (71) "Youth alternative center" means a nonsecure facility, approved by the Department
7 of Juvenile Justice, for the detention of juveniles, both prior to adjudication and
8 after adjudication, which meets the criteria specified in KRS 15A.320; and

9 (72) "Youthful offender" means any person regardless of age, transferred to Circuit
10 Court under the provisions of KRS Chapter 635 or 640 and who is subsequently
11 convicted in Circuit Court.

12 ➔Section 47. KRS 12.020 is amended to read as follows:

13 Departments, program cabinets and their departments, and the respective major
14 administrative bodies that they include are enumerated in this section. It is not intended
15 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
16 bureau, interstate compact, commission, committee, conference, council, office, or any
17 other form of organization shall be included in or attached to the department or program
18 cabinet in which they are included or to which they are attached by statute or statutorily
19 authorized executive order; except in the case of the Personnel Board and where the
20 attached department or administrative body is headed by a constitutionally elected officer,
21 the attachment shall be solely for the purpose of dissemination of information and
22 coordination of activities and shall not include any authority over the functions,
23 personnel, funds, equipment, facilities, or records of the department or administrative
24 body.

25 I. Cabinet for General Government - Departments headed by elected officers:

26 (1) The Governor.

27 (2) Lieutenant Governor.

- 1 (3) Department of State.
- 2 (a) Secretary of State.
- 3 (b) Board of Elections.
- 4 (c) Registry of Election Finance.
- 5 (4) Department of Law.
- 6 (a) Attorney General.
- 7 (5) Department of the Treasury.
- 8 (a) Treasurer.
- 9 (6) Department of Agriculture.
- 10 (a) Commissioner of Agriculture.
- 11 (b) Kentucky Council on Agriculture.
- 12 (7) Auditor of Public Accounts.
- 13 II. Program cabinets headed by appointed officers:
- 14 (1) Justice and Public Safety Cabinet:
- 15 (a) Department of Kentucky State Police.
- 16 (b) Department of Criminal Justice Training.
- 17 (c) Department of Corrections.
- 18 (d) Department of Juvenile Justice.
- 19 (e) Office of the Secretary.
- 20 (f) Office of Drug Control Policy.
- 21 (g) Office of Legal Services.
- 22 (h) Office of the Kentucky State Medical Examiner.
- 23 (i) Parole Board.
- 24 (j) Kentucky State Corrections Commission.
- 25 (k) Office of Legislative and Intergovernmental Services.
- 26 (l) Office of Management and Administrative Services.
- 27 (m) Department of Public Advocacy.

- 1 (2) Education and Workforce Development Cabinet:
- 2 (a) Office of the Secretary.
- 3 1. Governor's Scholars Program.
- 4 2. Governor's School for Entrepreneurs Program.
- 5 3. Office of the Kentucky Workforce Innovation Board.
- 6 4. Foundation for Adult Education.
- 7 5. Early Childhood Advisory Council.
- 8 (b) Office of Legal and Legislative Services.
- 9 1. Client Assistance Program.
- 10 (c) Office of Communication.
- 11 (d) Office of Administrative Services.
- 12 1. Division of Human Resources.
- 13 2. Division of Operations and Support Services.
- 14 3. Division of Fiscal Management.
- 15 (e) Office of Technology Services.
- 16 (f) Office of Educational Programs.
- 17 (g) Office of the Kentucky Center for Statistics.
- 18 (h) Board of the Kentucky Center for Statistics.
- 19 (i) Board of Directors for the Center for School Safety.
- 20 (j) Department of Education.
- 21 1. Kentucky Board of Education.
- 22 2. Kentucky Technical Education Personnel Board.
- 23 (k) Department for Libraries and Archives.
- 24 (l) Department of Workforce Investment.
- 25 1. Office of Vocational Rehabilitation.
- 26 a. Division of Kentucky Business Enterprise.
- 27 b. Division of the Carl D. Perkins Vocational Training Center.

- 1 c. Division of Blind Services.
- 2 d. Division of Field Services.
- 3 e. Statewide Council for Vocational Rehabilitation.
- 4 2. Office of Unemployment Insurance.
- 5 3. Office of Employer and Apprenticeship Services.
- 6 a. Division of Apprenticeship.
- 7 4. Office of Career Development.
- 8 5. Office of Adult Education.
- 9 6. Unemployment Insurance Commission.
- 10 7. Kentucky Apprenticeship Council.
- 11 (m) Foundation for Workforce Development.
- 12 (n) Kentucky Workforce Investment Board.
- 13 (o) Education Professional Standards Board.
- 14 1. Division of Educator Preparation.
- 15 2. Division of Certification.
- 16 3. Division of Professional Learning and Assessment.
- 17 4. Division of Legal Services.
- 18 (p) Kentucky Commission on the Deaf and Hard of Hearing.
- 19 (q) Kentucky Educational Television.
- 20 (r) Kentucky Environmental Education Council.
- 21 (3) Energy and Environment Cabinet:
- 22 (a) Office of the Secretary.
- 23 1. Office of Legislative and Intergovernmental Affairs.
- 24 2. Office of Legal Services.
- 25 a. Legal Division I.
- 26 b. Legal Division II.
- 27 3. Office of Administrative Hearings.

- 1 4. Office of Communication.
- 2 5. Mine Safety Review Commission.
- 3 6. Office of Kentucky Nature Preserves.
- 4 7. Kentucky Public Service Commission.
- 5 (b) Department for Environmental Protection.
- 6 1. Office of the Commissioner.
- 7 2. Division for Air Quality.
- 8 3. Division of Water.
- 9 4. Division of Environmental Program Support.
- 10 5. Division of Waste Management.
- 11 6. Division of Enforcement.
- 12 7. Division of Compliance Assistance.
- 13 (c) Department for Natural Resources.
- 14 1. Office of the Commissioner.
- 15 2. Division of Mine Permits.
- 16 3. Division of Mine Reclamation and Enforcement.
- 17 4. Division of Abandoned Mine Lands.
- 18 5. Division of Oil and Gas.
- 19 6. Division of Mine Safety.
- 20 7. Division of Forestry.
- 21 8. Division of Conservation.
- 22 9. Office of the Reclamation Guaranty Fund.
- 23 (d) Office of Energy Policy.
- 24 1. Division of Energy Assistance.
- 25 (e) Office of Administrative Services.
- 26 1. Division of Human Resources Management.
- 27 2. Division of Financial Management.

- 1 3. Division of Information Services.
- 2 (4) Public Protection Cabinet.
- 3 (a) Office of the Secretary.
- 4 1. Office of Communications and Public Outreach.
- 5 2. Office of Legal Services.
- 6 a. Insurance Legal Division.
- 7 b. Charitable Gaming Legal Division.
- 8 c. Alcoholic Beverage Control Legal Division.
- 9 d. Housing, Buildings and Construction Legal Division.
- 10 e. Financial Institutions Legal Division.
- 11 f. Professional Licensing Legal Division.
- 12 3. Office of Administrative Hearings.
- 13 4. Office of Administrative Services.
- 14 a. Division of Human Resources.
- 15 b. Division of Fiscal Responsibility.
- 16 (b) Kentucky Claims Commission.
- 17 (c) Kentucky Boxing and Wrestling Commission.
- 18 (d) Kentucky Horse Racing Commission.
- 19 1. Office of Executive Director.
- 20 a. Division of Pari-mutuel Wagering and Compliance.
- 21 b. Division of Stewards.
- 22 c. Division of Licensing.
- 23 d. Division of Enforcement.
- 24 e. Division of Incentives and Development.
- 25 f. Division of Veterinary Services.
- 26 (e) Department of Alcoholic Beverage Control.
- 27 1. Division of Distilled Spirits.

- 1 2. Division of Malt Beverages.
- 2 3. Division of Enforcement.
- 3 **4. Division of Cannabis.**
- 4 (f) Department of Charitable Gaming.
 - 5 1. Division of Licensing and Compliance.
 - 6 2. Division of Enforcement.
- 7 (g) Department of Financial Institutions.
 - 8 1. Division of Depository Institutions.
 - 9 2. Division of Non-Depository Institutions.
 - 10 3. Division of Securities.
- 11 (h) Department of Housing, Buildings and Construction.
 - 12 1. Division of Fire Prevention.
 - 13 2. Division of Plumbing.
 - 14 3. Division of Heating, Ventilation, and Air Conditioning.
 - 15 4. Division of Building Code Enforcement.
- 16 (i) Department of Insurance.
 - 17 1. Division of Insurance Product Regulation.
 - 18 2. Division of Administrative Services.
 - 19 3. Division of Financial Standards and Examination.
 - 20 4. Division of Agent Licensing.
 - 21 5. Division of Insurance Fraud Investigation.
 - 22 6. Division of Consumer Protection.
- 23 (j) Department of Professional Licensing.
 - 24 1. Real Estate Authority.
- 25 (5) Labor Cabinet.
 - 26 (a) Office of the Secretary.
 - 27 1. Office of General Counsel.

- 1 a. Workplace Standards Legal Division.
- 2 b. Workers' Claims Legal Division.
- 3 2. Office of Administrative Services.
- 4 a. Division of Human Resources Management.
- 5 b. Division of Fiscal Management.
- 6 c. Division of Professional Development and Organizational
- 7 Management.
- 8 d. Division of Information Technology and Support Services.
- 9 3. Office of Inspector General.
- 10 (b) Department of Workplace Standards.
- 11 1. Division of Occupational Safety and Health Compliance.
- 12 2. Division of Occupational Safety and Health Education and
- 13 Training.
- 14 3. Division of Wages and Hours.
- 15 (c) Department of Workers' Claims.
- 16 1. Division of Workers' Compensation Funds.
- 17 2. Office of Administrative Law Judges.
- 18 3. Division of Claims Processing.
- 19 4. Division of Security and Compliance.
- 20 5. Division of Information Services.
- 21 6. Division of Specialist and Medical Services.
- 22 7. Workers' Compensation Board.
- 23 (d) Workers' Compensation Funding Commission.
- 24 (e) Occupational Safety and Health Standards Board.
- 25 (f) State Labor Relations Board.
- 26 (g) Employers' Mutual Insurance Authority.
- 27 (h) Kentucky Occupational Safety and Health Review Commission.

- 1 (i) Workers' Compensation Nominating Committee.
- 2 (6) Transportation Cabinet:
- 3 (a) Department of Highways.
- 4 1. Office of Project Development.
- 5 2. Office of Project Delivery and Preservation.
- 6 3. Office of Highway Safety.
- 7 4. Highway District Offices One through Twelve.
- 8 (b) Department of Vehicle Regulation.
- 9 (c) Department of Aviation.
- 10 (d) Department of Rural and Municipal Aid.
- 11 1. Office of Local Programs.
- 12 2. Office of Rural and Secondary Roads.
- 13 (e) Office of the Secretary.
- 14 1. Office of Public Affairs.
- 15 2. Office for Civil Rights and Small Business Development.
- 16 3. Office of Budget and Fiscal Management.
- 17 4. Office of Inspector General.
- 18 (f) Office of Support Services.
- 19 (g) Office of Transportation Delivery.
- 20 (h) Office of Audits.
- 21 (i) Office of Human Resource Management.
- 22 (j) Office of Information Technology.
- 23 (k) Office of Legal Services.
- 24 (7) Cabinet for Economic Development:
- 25 (a) Office of the Secretary.
- 26 1. Office of Legal Services.
- 27 2. Department for Business Development.

- 1 3. Department for Financial Services.
 - 2 a. Kentucky Economic Development Finance Authority.
 - 3 b. Finance and Personnel Division.
 - 4 c. IT and Resource Management Division.
 - 5 d. Compliance Division.
 - 6 e. Incentive Administration Division.
 - 7 f. Bluegrass State Skills Corporation.
- 8 4. Office of Marketing and Public Affairs.
 - 9 a. Communications Division.
 - 10 b. Graphics Design Division.
- 11 5. Office of Workforce, Community Development, and Research.
- 12 6. Office of Entrepreneurship.
 - 13 a. Commission on Small Business Advocacy.
- 14 (8) Cabinet for Health and Family Services:
 - 15 (a) Office of the Secretary.
 - 16 1. Office of the Ombudsman and Administrative Review.
 - 17 2. Office of Public Affairs.
 - 18 3. Office of Legal Services.
 - 19 4. Office of Inspector General.
 - 20 5. Office of Human Resource Management.
 - 21 6. Office of Finance and Budget.
 - 22 7. Office of Legislative and Regulatory Affairs.
 - 23 8. Office of Administrative Services.
 - 24 9. Office of Application Technology Services.
 - 25 (b) Department for Public Health.
 - 26 (c) Department for Medicaid Services.
 - 27 (d) Department for Behavioral Health, Developmental and Intellectual

- 1 Disabilities.
- 2 (e) Department for Aging and Independent Living.
- 3 (f) Department for Community Based Services.
- 4 (g) Department for Income Support.
- 5 (h) Department for Family Resource Centers and Volunteer Services.
- 6 (i) Office for Children with Special Health Care Needs.
- 7 (j) Office of Health Data and Analytics.
- 8 (9) Finance and Administration Cabinet:
- 9 (a) Office of the Secretary.
- 10 (b) Office of the Inspector General.
- 11 (c) Office of Legislative and Intergovernmental Affairs.
- 12 (d) Office of General Counsel.
- 13 (e) Office of the Controller.
- 14 (f) Office of Administrative Services.
- 15 (g) Office of Policy and Audit.
- 16 (h) Department for Facilities and Support Services.
- 17 (i) Department of Revenue.
- 18 (j) Commonwealth Office of Technology.
- 19 (k) State Property and Buildings Commission.
- 20 (l) Office of Equal Employment Opportunity and Contract Compliance.
- 21 (m) Kentucky Employees Retirement Systems.
- 22 (n) Commonwealth Credit Union.
- 23 (o) State Investment Commission.
- 24 (p) Kentucky Housing Corporation.
- 25 (q) Kentucky Local Correctional Facilities Construction Authority.
- 26 (r) Kentucky Turnpike Authority.
- 27 (s) Historic Properties Advisory Commission.

- 1 (t) Kentucky Tobacco Settlement Trust Corporation.
- 2 (u) Kentucky Higher Education Assistance Authority.
- 3 (v) Kentucky River Authority.
- 4 (w) Kentucky Teachers' Retirement System Board of Trustees.
- 5 (x) Executive Branch Ethics Commission.
- 6 (10) Tourism, Arts and Heritage Cabinet:
- 7 (a) Kentucky Department of Tourism.
- 8 1. Division of Tourism Services.
- 9 2. Division of Marketing and Administration.
- 10 3. Division of Communications and Promotions.
- 11 (b) Kentucky Department of Parks.
- 12 1. Division of Information Technology.
- 13 2. Division of Human Resources.
- 14 3. Division of Financial Operations.
- 15 4. Division of Facilities Management.
- 16 5. Division of Facilities Maintenance.
- 17 6. Division of Customer Services.
- 18 7. Division of Recreation.
- 19 8. Division of Golf Courses.
- 20 9. Division of Food Services.
- 21 10. Division of Rangers.
- 22 11. Division of Resort Parks.
- 23 12. Division of Recreational Parks and Historic Sites.
- 24 (c) Department of Fish and Wildlife Resources.
- 25 1. Division of Law Enforcement.
- 26 2. Division of Administrative Services.
- 27 3. Division of Engineering, Infrastructure, and Technology.

- 1 4. Division of Fisheries.
- 2 5. Division of Information and Education.
- 3 6. Division of Wildlife.
- 4 7. Division of Marketing.
- 5 (d) Kentucky Horse Park.
- 6 1. Division of Support Services.
- 7 2. Division of Buildings and Grounds.
- 8 3. Division of Operational Services.
- 9 (e) Kentucky State Fair Board.
- 10 1. Office of Administrative and Information Technology Services.
- 11 2. Office of Human Resources and Access Control.
- 12 3. Division of Expositions.
- 13 4. Division of Kentucky Exposition Center Operations.
- 14 5. Division of Kentucky International Convention Center.
- 15 6. Division of Public Relations and Media.
- 16 7. Division of Venue Services.
- 17 8. Division of Personnel Management and Staff Development.
- 18 9. Division of Sales.
- 19 10. Division of Security and Traffic Control.
- 20 11. Division of Information Technology.
- 21 12. Division of the Louisville Arena.
- 22 13. Division of Fiscal and Contract Management.
- 23 14. Division of Access Control.
- 24 (f) Office of the Secretary.
- 25 1. Office of Finance.
- 26 2. Office of Government Relations and Administration.
- 27 3. Office of Film and Tourism Development.

- 1 (g) Office of Legal Affairs.
- 2 (h) Office of Human Resources.
- 3 (i) Office of Public Affairs and Constituent Services.
- 4 (j) Office of Arts and Cultural Heritage.
- 5 (k) Kentucky African-American Heritage Commission.
- 6 (l) Kentucky Foundation for the Arts.
- 7 (m) Kentucky Humanities Council.
- 8 (n) Kentucky Heritage Council.
- 9 (o) Kentucky Arts Council.
- 10 (p) Kentucky Historical Society.
- 11 1. Division of Museums.
- 12 2. Division of Oral History and Educational Outreach.
- 13 3. Division of Research and Publications.
- 14 4. Division of Administration.
- 15 (q) Kentucky Center for the Arts.
- 16 1. Division of Governor's School for the Arts.
- 17 (r) Kentucky Artisans Center at Berea.
- 18 (s) Northern Kentucky Convention Center.
- 19 (t) Eastern Kentucky Exposition Center.
- 20 (11) Personnel Cabinet:
- 21 (a) Office of the Secretary.
- 22 (b) Department of Human Resources Administration.
- 23 (c) Office of Employee Relations.
- 24 (d) Kentucky Public Employees Deferred Compensation Authority.
- 25 (e) Office of Administrative Services.
- 26 (f) Office of Legal Services.
- 27 (g) Governmental Services Center.

- 1 (h) Department of Employee Insurance.
- 2 (i) Office of Diversity, Equality, and Training.
- 3 (j) Office of Public Affairs.
- 4 III. Other departments headed by appointed officers:
- 5 (1) Council on Postsecondary Education.
- 6 (2) Department of Military Affairs.
- 7 (3) Department for Local Government.
- 8 (4) Kentucky Commission on Human Rights.
- 9 (5) Kentucky Commission on Women.
- 10 (6) Department of Veterans' Affairs.
- 11 (7) Kentucky Commission on Military Affairs.
- 12 (8) Office of Minority Empowerment.
- 13 (9) Governor's Council on Wellness and Physical Activity.
- 14 (10) Kentucky Communications Network Authority.
- 15 ➔Section 48. This Act takes effect July 1, 2021.