FINANCE AND ADMINISTRATION CABINET

Department of Revenue

(Amendment)

103 KAR 30:280. Sales to water haulers.

RELATES TO: KRS 139.010, 139.200, 139.270, 139.470

STATUTORY AUTHORITY: KRS 131.130(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations necessary for the administration and enforcement of all tax laws in Kentucky. This administrative regulation establishes requirements for the exemption of water used for residential purposes when purchased from water haulers.

Section 1. Definition. "Water hauler" means a person in the business of transporting water by truck for sale to a customer.

Section 2.

(1) A water hauler shall issue a resale certificate in the form described in 103 KAR 31:111 to a water company when purchasing water for resale.

(2) Gross receipts from the sale of water by a water hauler to customers for:

(a) Residential use shall not be subject to the sales and use tax. Pursuant to KRS 139.470(7), the resident shall declare the water as used in his or her place of domicile on “Declaration of Domicile for Purchase of Residential Utilities,” Form 51A380; and

(b) Use other than residential shall be subject to sales and use tax unless another exemption pursuant to KRS Chapter 139 is applicable.

Section 3. Forms. (1) The Department form applicable to this regulation is "Declaration of Domicile for Purchase of Residential Utilities," Form 51A380.

(2) This form may be inspected, copied, or obtained, subject to applicable copyright law, at:

(a) The Kentucky Department of Revenue, 501 High Street, Frankfort, Kentucky 40620;

(b) A Kentucky Taxpayer Service Center, Monday through Friday, 8:00 a.m. to 4:30 p.m.; or

(c) The Department of Revenue's web site at www.revenue.ky.gov.

Section 4.

(1) This administrative regulation shall replace Revenue Policy 51P261.

(2) Revenue Policy 51P261 is hereby rescinded and shall be null, void and unenforceable.

103 KAR 30:280

APPROVED BY AGENCY:

Thomas B. Miller

THOMAS B. MILLER, COMMISSIONER
Department of Revenue
Finance and Administration Cabinet

06/02/20206
Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public comment on this administrative regulation shall be held on August 26, 2026, at 10:00 a.m. in Room 11A, State Office Building, 501 High Street, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing at least five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through August 31, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Gary Morris, Executive Director, Office of Tax Policy and Regulation, Department of Revenue, 501 High Street, Station 1, Frankfort, Kentucky 40601, (502) 564-0424 (telephone), (502) 564-3875 (fax), DORTAXPOLICY@ky.gov (email).

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

103 KAR 30:280

Contact Person: Gary Morris
Phone: (502) 564-0424
Email: DORTAXPOLICY@ky.gov

Subject Headings: Finance and Administration; Taxation; Water Supply

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation amends 103 KAR 30:280 to clarify the documentation necessary to identify residential water customers.

(b) The necessity of this administrative regulation: It clarifies the 2022 change to KRS 139.470(7) that implements Form 51A380 regarding the Declaration of Domicile for Purchase of Residential Utilities.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 131.130(1) grants the Department of Revenue the authority to promulgate administrative regulations it deems necessary for the administration of Kentucky's tax laws.

(d) How this administrative regulation currently assists or will assist in effective administration of the statutes: See (1)(b)

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change the existing administrative regulation: See (1)(a)

(b) The necessity of the amendment to this administrative regulation: See (1)(b)

(c) How the amendment conforms to the content of the authorizing statutes: See (1)(c)

(d) How the amendment will assist in the effective administration of the statutes: See (1)(d) for how the amendment will assist in the effective administration of the statutes.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? Yes, 2022 HB 8.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Any taxpayer or taxpayer representative seeking guidance on the proper sales tax treatment of residential customers of commercial water haulers will find appropriate guidance in this regulation.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: The commercial water hauler will need to seek the appropriate form from his residential customers.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): There are no costs associated with this change.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4): Taxpayers and taxpayer representatives will be able to locate current guidance regarding the treatment of water haulers residential customers.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There will be no additional costs associated with this amendment. Current staff and budgeted funding will absorb any cost associated with implementation.

(b) On a continuing basis: The Department of Revenue should not incur additional costs on an ongoing basis due to this amendment.

(7) What is the source of funding to be used for the implementation and enforcement of this administrative regulation: Current budgeted funding for the Department of Revenue will be used to implement and enforce this amendment to the regulation.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: This amendment does not establish any fees.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This amendment does not directly or indirectly increase any fees.

(10) TIERING: Is tiering applied? {Explain why or why not} Tiering is not applied. The updating of this administrative regulation will impact all affected taxpayers equally.

FISCAL IMPACT STATEMENT

103 KAR 30:280
Contact Person: Gary Morris
Phone: (502) 564-0424
Email: DORTAXPOLICY@ky.gov

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation: KRS 131.130(1)

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: KRS 131.130(1) authorizes the Department of Revenue to promulgate regulations for the administration of Kentucky's tax laws.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The Department of Revenue is the promulgating agency and the only agency impacted by this administrative regulation.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures: There is no anticipated impact on expenditures.
   For the first year:
   For subsequent years:
2. Revenues: There is no anticipated impact on revenues.
   For the first year:
   For subsequent years:
3. Cost Savings: There is no cost savings anticipated.
   For the first year:
   For subsequent years:

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): The amendment to this administrative regulation will not impact local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures: No impact to local entities.
   For the first year:
   For subsequent years:
2. Revenues: No impact to local entities.
   For the first year:
   For subsequent years:
3. Cost Savings: No impact to local entities.
   For the first year:
   For subsequent years:

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a): The amendment to this administrative regulation is not anticipated to impact regulated entities.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures: No impact to regulated entities.
   For the first year:
   For subsequent years:
2. Revenues: No impact to regulated entities.
   For the first year:
   For subsequent years:
3. Cost Savings: No impact to regulated entities.
   For the first year:
   For subsequent years:

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: The Department does not anticipate that the amendment to this regulation will have a fiscal impact.

(b) Methodology and resources used to reach this conclusion: This amendment clarifies the documentation required to identify residential customers for commercial water haulers.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14): The amendment to this administrative regulation will not have a major economic impact.

(b) The methodology and resources used to reach this conclusion: This amendment updates document requirements to comply with a statutory change.