

1 FINANCE AND ADMINISTRATION CABINET

2 Department of Revenue

3 (Repealer)

4 103 KAR 16:151. Repeal of 103 KAR 16:100, 103 KAR 16:110, 103 KAR 16:120, 103 KAR  
5 16:130, 103 KAR 16:145 and 103 KAR 16:150.

6 RELATES TO: KRS 141.120

7 STATUTORY AUTHORITY: KRS 131.130, 141.120

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 141.120(10)(b) requires the

9 Department of Revenue to provide guidance on the apportioning of income of interstate telephone

10 and telegraph companies, interstate pipeline companies, interstate transportation companies, and

11 interstate businesses. HB 487 passed during the 2018 session of the Kentucky General Assembly

12 changed the way these businesses are now taxed in the Commonwealth. Sufficient guidance for

13 the treatment of income for these companies is now found in statute or other department

14 regulations. Therefore, these administrative regulations are no longer needed and will not be

15 amended in the future.

16 Section 1. The following regulations are hereby repealed:

17 (1) 103 KAR 16:100, Apportionment and allocation; telephone and telegraph companies;

18 (2) 103 KAR 16:110, Apportionment and allocation; pipeline companies;

19 (3) 103 KAR 16:120, Apportionment and allocation; certain transportation companies;


20 (4) 103 KAR 16:130, Apportionment and allocation; railroad companies;

21 (5) 103 KAR 16:145, Apportionment and allocation; barge line companies; and

1 (6) 103 KAR 16:150, Apportionment and allocation; financial organizations and loan  
2 companies.

103 KAR 16:151

APPROVED:

  
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DANIEL BORK, COMMISSIONER  
Department of Revenue  
Finance and Administration Cabinet

11/13/18  
\_\_\_\_\_  
DATE APPROVED BY AGENCY

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## PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on December 21, 2018 at 10:00 a.m. in Room 8A, State Office Building, Frankfort KY 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by 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 cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. 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 December 31, 2018. 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: Todd Renner, Executive Director, Office of Tax Policy and Regulation, Department of Revenue, 501 High Street, Station 1, Frankfort, Kentucky, 40601, (502) 782-6081 (telephone), (502) 564-3875(fax), Todd.Renner@ky.gov(email).

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation Number: 103 KAR 16:151

Contact Person: Todd Renner

Phone Number: (502) 782-6081

Email: [Todd.Renner@ky.gov](mailto:Todd.Renner@ky.gov)(email)

(1) Provide a brief summary of:

(a) What this administrative regulation does: Repeals 103 KAR 16:100, 103 KAR 16:110, 103 KAR 16:120, 103 KAR 16:130, 103 KAR 16:145 and 103 KAR 16:150. These regulations either no longer have statutory authority, or the statutes now contain sufficient language that these regulations are no longer needed.

(b) The necessity of this administrative regulation: HB 487 of the 2018 General Assembly eliminated the property, payroll and 3-factor allocation for the industries affected by these regulations. The new statutory language is very clear in its guidance for determining income, so further regulatory guidance in these regulations is no longer needed. Pursuant to KRS 13A, it is necessary to remove regulations from existence that either no longer have statutory authority or that an agency does not foresee amending in the future.

(c) How this administrative regulation conforms to the content of the authorizing statutes: It removes outdated guidance from regulatory language to be in step with new law.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This regulation will insure that the Department of Revenue is in compliance with HB 487, KRS 141.120 and KRS 13A.

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

(a) How the amendment will change this existing administrative regulation: N/A

(b) The necessity of the amendment to this administrative regulation: N/A

(c) How the amendment conforms to the content of the authorizing statutes: N/A

(d) How the amendment will assist in the effective administration of the statutes: N/A

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: None.

(4) Provide an analysis of how the entities identified in question (3) 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 the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: None.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): None.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): None.

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

(a) Initially: None.

(b) On a continuing basis: None.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: None.

(7) 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: No increase in fees or funding will be necessary to implement this repeal.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: No fees are established or increased by this administrative regulation.

(9) TIERING: Is tiering applied? Tiering is not applied since no regulated entities will be affected by the repeal of this administrative regulation.

## FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation Number: 103 KAR 16:151

Contact Person: Todd Renner

Phone Number: (502) 782-6081

Email: [Todd.Renner@ky.gov](mailto:Todd.Renner@ky.gov)(email)

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? Only the Finance and Administration Cabinet, primarily the Department of Revenue, will be impacted by the repeal of these regulations because we will no longer need to update outdated or unnecessary regulations.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 13A and 131.130.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. There will be no effect on expenditures and revenues for state or local government agencies.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None. This administrative regulation is repealing guidance that is no longer necessary or allowed because of statutory changes codified in HB 487 of the 2018 session of the Kentucky General Assembly.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? None.

(d) How much will it cost to administer this program for subsequent years? None.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: