October 27, 2010

Scott C. Peterson
Executive Director
Streamlined Sales Tax Governing Board
4205 Hillsboro Pike, Suite 305
Nashville, TN 37215

Dear Mr. Peterson:

The Kentucky Department of Revenue offers the following response to questions raised regarding Kentucky’s capacity to comply with the SSUTA requirements in Section 304 to provide seller liability relief if a state fails to provide at least thirty days notice of a tax rate change prior to its effective date.

The last rate change enacted in Kentucky was a 1% increase effective July 1, 1990. There are no local option sales and use taxes imposed in this state, and the current state-wide rate is 6%. In addition, there is no indication that a rate increase will be seriously considered or is likely to be enacted in the foreseeable future. Furthermore, if a rate increase were to occur, the Department requires more than thirty days to ensure proper implementation of required system and forms changes.

However, in the event of a rate increase enacted in Kentucky without the requisite thirty day notice to sellers, the Department of Revenue would comply with the seller liability relief terms of Section 304 under the authority of KRS 139.785. The Department will also be recommending a legislative proposal for the 2011 Session to make the Section 304 requirement explicit within KRS Chapter 139 of Kentucky sales and use tax law.

We appreciate the consideration of the Compliance Review and Interpretations Committee (CRIC) regarding this matter, and will be glad to offer additional response as needed.

Sincerely,

Richard Dobson
Executive Director
Office of Sales and Excise Taxes