



Tax Insights
from State and Local Tax
Services

Kentucky expands sales and use tax to data brokering services, makes additional changes

June 15, 2026

In brief

What happened?

Kentucky [HB 757](#), enacted on April 14, 2026, adopts several sales and use tax changes. Of particular interest, the bill defines “data brokering services” and adds this activity to the list of enumerated services subject to sales and use tax. Additional changes were also adopted.

Beginning August 1, 2026, the bill makes the following changes:

- Defines “data brokering services” and adds data brokering services to the list of enumerated services subject to sales and use tax
- Revises marketplace provider and remote retailer economic nexus rules to remove the 200-transaction threshold for registration and collection requirements
- Amends definition of “communication services” to include separately stated charges for pay telephone (previously excluded)
- Defines “educational or charitable institution” and expands the definition of “religious institutions” and provides sales and use tax exemptions for sales and purchases.

In addition, effective upon enactment, HB 757:

- Provides a sales tax incentive for certain professional sporting event qualifying attractions for events held on or after July 1, 2026 (expires November 30, 2036)
- Extends the motion picture refundable credit program application window through June 30, 2030
- Extends the \$2 fee on sales of new tires for transactions occurring prior to July 1, 2034
- Addresses penny rounding rules, clarifying that cash transactions should be rounded to the nearest five cent increment once the total amount due, including tax and other fees, is determined.

Why is it relevant?

The statutory definition of "data brokering services" is broad and could extend beyond entities traditionally viewed as data brokers. Companies that collect, aggregate, and analyze personal data for sale to third parties, even incidentally to their primary business, should evaluate whether their activities fall within the scope of the new tax. Many of these changes go into effect on August 1, 2026.

Actions to consider

Companies should consider the following actions:

- Review whether services are included in the new definition of "data brokering services," identify affected revenue streams or purchase activity, and make appropriate system changes to implement.
- Inventory contracts that may include data brokering services to determine whether any qualify for the transition exclusion.
- Evaluate whether any of the other changes occurring as a result of HB 757 impact your business.

In detail

Data brokering services added to the tax base

- HB 757 creates a new service category for "data brokering services," defined as "the act of collecting, aggregating, and analyzing personal data for sale to a third party while possession of the personal data is maintained by the person providing the data brokering services or by the third party, wherever located, regardless of whether the charge for the services provided is on a per use, per user, per license, subscription, or some other basis." Data brokering services are added to the list of enumerated services subject to sales and use tax effective August 1, 2026.
- HB 757 also amends the existing definition of "use" to specify "use" does not include data brokering services purchased for use outside the state and transferred electronically outside the state for use thereafter solely outside the state.

Transition guidance is provided to clarify that gross receipts from data brokering services are excluded from tax if they are in fulfillment of a:

- lump-sum, fixed-fee, or fixed-price contract executed on or before February 25, 2026; or
- lease or rental agreement entered into on or before February 25, 2026.

HB 757 also creates a new exemption for gross receipts from data brokering services sold by Kentucky state agencies, counties, cities, or special districts.

Marketplace provider and remote retailer threshold removes 200 transactions

HB 757 revises the marketplace provider and remote retailer framework to eliminate the 200-transaction threshold and to require registration and collection based solely on meeting the \$100,000 gross receipts threshold.

The marketplace provider statute is amended to include services *provided* (not just delivered or transferred electronically). Remote retailer nexus is expanded to add services delivered, transferred electronically, or provided. Because Kentucky already included services within its definitions for sale and purchase, the provisions to add “services” merely clarify that services are to be included when evaluating the economic nexus threshold, which imposes a registration and collection requirement.

The marketplace provider statute removes reference to a “previous calendar year or current calendar year” measurement period. This modification could leave some uncertainty as to how marketplace providers should determine when the gross receipts threshold has been met. The change contrasts with the remote retailer provision, which continues to use an explicit calendar-year measurement period.

Exclusion for pay telephone service repealed

Under the prior statutory framework, Kentucky imposed sales tax on intrastate, interstate, and international communications services, but excluded the furnishing of pay telephone service from the taxable base. Likewise, the corresponding definition of “communications service” excluded “the sale of communications services provided to the public by means of a pay phone.”

HB 757 revises both provisions to include the furnishing of pay telephone service. Providers of pay telephone service in Kentucky are subject to the sales tax on gross receipts from those services, effective August 1, 2026.

Changes to definition of religious institution, exemption

HB 757 expands the definition of a religious institution to include those who have not applied for an IRS Section 501(c)(3) designation but would otherwise qualify based on certain qualifications. Sales and use tax do not apply to sales or purchases by these religious institutions provided they are used solely in the state within the religious function.

Sales tax incentive for professional sporting event qualifying attraction

HB 757 provides a program for a sponsoring entity to be granted an incentive equal to 100% of the sales tax generated. The requestor must submit an application to the department. The program applies to certain qualifying attractions for professional sporting events. Qualifications include, but are not limited to, that the event has a duration of at least three consecutive days and is open to the public with attendance

totaling at least 100,000 admissions over the duration of the event. The program applies to qualifying attractions held from July 1, 2026, through November 30, 2036. Additional information is available upon request.

Motion picture sales and use tax refund credit application window extended

HB 757 revises the application cutoff for a motion picture sales and use tax exemption that is available via refundable credits. The Department reinstated the opportunity to submit new applications through June 30, 2030.

New tire fee extended through 2034

The \$2 tire fee, imposed on sales of new motor vehicle, trailer, or semitrailer tires, is extended and is now applicable through June 30, 2034. The fee remains subject to Kentucky sales tax.

Observation: Companies purchasing or selling data brokering services should assess whether their contracts, billing records, user-location data, and related supporting documentation clearly establish the extent to which the services are used in Kentucky versus outside the state. That documentation could be important in supporting treatment of mixed-use transactions, any allocation or apportionment methodology applied, and the sufficiency of evidence needed to defend an out-of-state use position.

Let's talk

For more information on how this legislation may impact your business, please contact:

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