



MURRAY STATE UNIVERSITY

Office of the Registrar
113 Sparks Hall
Murray, KY 42071

13 KAR 2:045 **Determination of residency status** **for admission and tuition assessment purposes.**

RELATES TO: KRS 13B, 164.020, 164.030, 164A.330(6), 38 U.S.C. 3301-3325

STATUTORY AUTHORITY: KRS 164.020(8)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.020(8) requires the Council on Postsecondary Education to determine tuition and approve the minimum qualifications for admission to a state postsecondary education institution and authorizes the Council to set different tuition amounts for residents of Kentucky and for nonresidents. This administrative regulation establishes the procedure and guidelines for determining the residency status of a student who is seeking admission to, or who is enrolled at, a state-supported postsecondary education institution.

Section 1. Definitions.

- (1) "Academic term" means a division of the school year during which a course of studies is offered, and includes a semester, quarter, or single consolidated summer term as defined by the institution.
- (2) "Continuous enrollment" means enrollment in a state-supported postsecondary education institution at the same degree level for consecutive terms, excluding summer term, since the beginning of the period for which continuous enrollment is claimed unless a sequence of continuous enrollment is broken due to extenuating circumstances beyond the student's control, such as serious personal illness or injury, or illness or death of a parent.
- (3) "Degree level" means enrollment in a course or program that could result in the award of a:
 - (a) Certificate, diploma, or other program award at an institution;
 - (b) Baccalaureate degree or lower, including enrollment in a course by a nondegree-seeking postbaccalaureate student;
 - (c) Graduate degree or graduate certification other than a first-professional degree in law, medicine, dentistry, or "Pharm. D"; or
 - (d) Professional degree in law, medicine, dentistry, or "Pharm. D".
- (4) "Dependent person" means a person who cannot demonstrate financial independence from parents or persons other than a spouse and who does not meet the criteria for independence established in Section 5 of this administrative regulation.
- (5) "Determination of residency status" means the decision of a postsecondary education institution that results in the classification of a person as a Kentucky resident or as a nonresident for admission and tuition assessment purposes.
- (6) "Domicile" means a person's true, fixed, and permanent home and is the place where the person intends to remain indefinitely, and to which the person expects to return if absent without intending to establish a new domicile elsewhere.

- (7) "Full-time employment" means continuous employment for at least forty-eight (48) weeks at an average of at least thirty (30) hours per week.
- (8) "Independent person" means a person who demonstrates financial independence from parents or persons other than a spouse and who meets the criteria for independence established in Section 5 of this administrative regulation.
- (9) "Institution" means an entity defined by KRS 164.001(12) if the type of institution is not expressly stated and includes the Kentucky Virtual University, the Council on Postsecondary Education, and the Kentucky Higher Education Assistance Authority.
- (10) "Kentucky resident" means a person determined by an institution for tuition purposes to be domiciled in, and a resident of, Kentucky as determined by this administrative regulation.
- (11) "Nonresident" means a person who:
- (a) Is domiciled outside Kentucky;
 - (b) Currently maintains legal residence outside Kentucky; or
 - (c) Is not a Kentucky resident as determined by this administrative regulation.
- (12) "Parent" means one (1) of the following:
- (a) A person's father or mother; or
 - (b) A court-appointed legal guardian if:
 1. The guardianship is recognized by an appropriate court within the United States.
 2. There was a relinquishment of the rights of the parents; and
 3. The guardianship was not established primarily to confer Kentucky residency on the person.
- (13) "Preponderance of the evidence" means the greater weight of evidence or evidence that is more credible and convincing to the mind.
- (14) "Residence" means the place of abode of a person and the place where the person is physically present most of the time for a noneducational purpose in accordance with Section 3 of this administrative regulation.
- (15) "Student financial aid" means all forms of payments to a student if one (1) condition of receiving the payment is the enrollment of the student at an institution, and includes student employment by the institution or a graduate assistantship.
- (16) "Sustenance" means:
- (a) Living expenses, such as room, board, maintenance, and transportation; and
 - (b) Educational expenses, such as tuition, fees, books, and supplies.

Section 2. Scope.

- (1) State-supported postsecondary education institutions were established and are maintained by the Commonwealth of Kentucky primarily for the benefit of qualified residents of Kentucky. The substantial commitment of public resources to postsecondary education is predicated on the proposition that the state benefits significantly from the existence of an educated citizenry. As a matter of policy, access to postsecondary education shall be provided so far as feasible at reasonable cost to a qualified individual who is domiciled in Kentucky and who is a resident of Kentucky.
- (2) In accordance with the duties established in KRS 164.020, the Council on Postsecondary Education may require a student who is neither domiciled in, nor a resident of, Kentucky to meet higher admission standards and to pay a higher level of tuition than resident students.
- (3) Unless otherwise indicated, this administrative regulation shall apply to all student residency determinations, regardless of circumstances, including residency determinations made by:
- (a) The state-supported institutions for prospective and currently-enrolled students;
 - (b) The Southern Regional Education Board for contract spaces;
 - (c) Reciprocity agreements, if appropriate;
 - (d) The Kentucky Virtual University;
 - (e) Academic common market programs;
 - (f) The Kentucky Educational Excellence Scholarship Program; and
 - (g) Other state student financial aid programs, as appropriate.

Section 3. Determination of Residency Status; General Rules.

- (1) A determination of residency shall include:
- (a) An initial determination of residency status by an institution:
 1. During the admission process;
 2. Upon enrollment in an institution for a specific academic term; or
 3. For admission into a specific academic program;
 - (b) A reconsideration of a determination of residency status by an institution based upon a changed circumstance; or

- (c) A formal hearing conducted by an institution upon request of a student after other administrative procedures have been completed.
- (2) An initial determination of residency status shall be based upon:
 - (a) The facts in existence when the credentials established by an institution for admission for a specific academic term have been received and during the period of review by the institution;
 - (b) Information derived from admissions materials;
 - (c) If applicable, other materials required by an institution and consistent with this administrative regulation; and
 - (d) Other information available to the institution from any source.
- (3) An individual seeking a determination of Kentucky residency status shall demonstrate that status by a preponderance of the evidence.
- (4) A determination of residency status shall be based upon verifiable circumstances or actions.
- (5) Evidence and information cited as the basis for Kentucky domicile and residency shall accompany the application for a determination of residency status.
- (6) A student classified as a nonresident shall retain that status until the student is officially reclassified by an institution.
- (7) A student may apply for a review of a determination of residency status once for each academic term.
- (8) If an institution has information that a student's residency status may be incorrect, the institution shall review and determine the student's correct residency status.
- (9) If the Council on Postsecondary Education has information that an institution's determination of residency status for a student may be incorrect, it may require the institution to review the circumstances and report the results of that review.
- (10) An institution shall impose a penalty or sanction against a student who gives incorrect or misleading information to an institutional official, including payment of nonresident tuition for each academic term for which resident tuition was assessed based on an improper determination of residency status. The penalty or sanction may also include:
 - (a) Student discipline by the institution through a policy written and disseminated to students; or
 - (b) Criminal prosecution.

Section 4. Presumptions Regarding Residency Status.

- (1) In making a determination of residency status, it shall be presumed that a person is a nonresident if:
 - (a) A person is, or seeks to be, an undergraduate student and admissions records show the student to be a graduate of an out-of-state high school within five (5) years prior to a request for a determination of residency status;
 - (b) A person's admissions records indicate the student's residence to be outside of Kentucky when the student applied for admission;
 - (c) A person moves to Kentucky primarily for the purpose of enrollment in an institution;
 - (d) A person moves to Kentucky and within twelve (12) months enrolls at an institution more than half time;
 - (e) A person has a continuous absence of one (1) year from Kentucky; or
 - (f) A person attended an out-of-state higher education institution during the past academic year and paid in-state tuition at that institution.
- (2) A presumption arising from subsection (1) of this section shall only be overcome by preponderance of evidence sufficient to demonstrate that a person is domiciled in and is a resident of Kentucky.

Section 5. Determination of Whether a Student is Dependent or Independent.

- (1) In a determination of residency status, an institution shall first determine whether a student is dependent or independent. This provision shall be predicated on the assumption that a dependent person lacks the financial ability to live independently of the person upon whom the student is dependent, and therefore, lacks the ability to form the requisite intent to establish domicile. A determination that a student is independent shall be one (1) step in the overall determination of whether a student is or is not a resident of Kentucky.
- (2) In determining the dependent or independent status of a person, the following information shall be considered, as well as other relevant information available when the determination is made:
 - (a) 1. Whether the person has been claimed as a dependent on the federal or state tax returns of a parent or other person for the year preceding the date of application for a determination of residency status; or
 - 2. Whether the person is no longer claimed by a parent or other person as a dependent or as an exemption for federal and state tax purposes; and
 - (b) Whether the person has financial earnings and resources independent of a person other than an independent spouse necessary to provide for the person's own sustenance.
- (3) An individual who enrolls at an institution immediately following graduation from high school and remains enrolled shall be presumed to be a dependent person unless the contrary is evident from the information submitted.

- (4) Domicile may be inferred from the student's permanent address, parent's mailing address, or location of high school of graduation.
- (5) Marriage to an independent person domiciled in and who is a resident of Kentucky shall be a factor considered by an institution in determining whether a student is dependent or independent.
- (6) Financial assistance from, or a loan made by, a parent or family member other than an independent spouse, if used for sustenance of the student:
 - (a) Shall not be considered in establishing a student as independent; and
 - (b) Shall be a factor in establishing that a student is dependent.

Section 6. Effect of a Determination of Dependent Status on a Determination of Residency Status.

- (1) The effect of a determination that a person is dependent shall be:
 - (a) The domicile and residency of a dependent person shall be the same as either parent. The domicile and residency of the parent shall be determined in the same manner as the domicile and residency of an independent person; and
 - (b) The domicile and residency of a dependent person whose parents are divorced, separated, or otherwise living apart shall be Kentucky if either parent is domiciled in and is a resident of Kentucky, regardless of which parent has legal custody or is entitled to claim that person as a dependent pursuant to federal or Kentucky income tax provisions.
- (2) If the parent or parents of a dependent person are Kentucky residents and are domiciled in Kentucky, but subsequently move from the state:
 - (a) The dependent person shall be considered a resident of Kentucky while in continuous enrollment at the degree level in which currently enrolled; and
 - (b) The dependent person's residency status shall be reassessed if continuous enrollment is broken or the current degree level is completed.

Section 7. Member or Former Member of Armed Forces of the United States, Spouse and Dependents; Effect on a Determination of Residency Status.

- (1) A member, spouse, or dependent of a member whose domicile and residency was Kentucky when inducted into the Armed Forces of the United States, and who maintains Kentucky as home of record and permanent address, shall be entitled to Kentucky residency status:
 - (a) During the member's time of active service; or
 - (b) If the member returns to this state within six (6) months of the date of the member's discharge from active duty.
- (2) (a) A member of the armed services on active duty for more than thirty (30) days and who has a permanent duty station in Kentucky shall be classified as a Kentucky resident and shall be entitled to in-state tuition, as shall the spouse or a dependent child of the member.
 - (b) A member, spouse, or dependent of a member shall not lose Kentucky residency status if the member is transferred on military orders while the member, spouse, or dependent requesting the status is in continuous enrollment at the degree level in which currently enrolled.
- (3) Membership in the National Guard or civilian employment at a military base alone shall not qualify a person for Kentucky residency status under the provisions of subsections (1) and (2) of this section. If a member of the Kentucky National Guard is on active duty status for a period of not less than thirty (30) days, the member shall be considered a Kentucky resident, as shall the spouse or a dependent child of the member.
- (4) A person eligible for benefits under the federal Post-9/11 Veterans Educational Assistance Act of 2008, 38 U.S.C. 3301-3325, or any other educational benefits provided under Chapter 38 of the United States Code shall be entitled to Kentucky resident status for purposes of tuition charged at state-supported institutions.
- (5) A person's residency status established pursuant to this section shall be reassessed if the qualifying condition is terminated.

Section 8. Status of Nonresident Aliens; Visas and Immigration.

- (1) (a) A person holding a permanent residency visa or classified as a political refugee shall establish domicile and residency in the same manner as another person.
 - (b) Time spent in Kentucky and progress made in fulfilling the conditions of domicile and residency prior to obtaining permanent residency status shall be considered in establishing Kentucky domicile and residency.
- (2) A person holding a nonimmigrant visa with designation A, E, G, H-1, H-4 if accompanying a person with an H-1 visa, I, K, L, N, R, shall establish domicile and residency the same as another person.
- (3) (a) An independent person holding a nonimmigrant visa with designation B, C, D, F, H-2, H-3, H-4 if accompanying a person with an H-2 or H-3 visa, J, M, O, P, Q, S, TD, or TN shall not be classified as a Kentucky resident because that person does not have the capacity to remain in Kentucky indefinitely and therefore cannot form the requisite intent necessary to establish domicile as defined in Section 1(6) of this administrative regulation.

(b) A dependent person holding a visa as described in paragraph (a) of this subsection, but who is a dependent of a parent holding a visa as described in subsection (2) of this section, shall be considered as holding the visa of the parent.

(c) A dependent person holding a visa described in subsection (2) of this section or paragraph (a) of this subsection, if a parent is a citizen of the United States and is a resident of and domiciled in Kentucky, shall be a resident of Kentucky for the purposes of this administrative regulation.

(4) A person shall be a Kentucky resident for the purpose of this administrative regulation if the person graduated from a Kentucky high school and:

(a) Is an undocumented alien;

(b) Holds a visa listed in subsections (2) or (3)(a) of this section; or

(c) Is a dependent of a person who holds a visa listed in subsections (2) or (3)(a) of this section.

(5) (a) Except as provided in paragraph (b) of this subsection, a person who has petitioned the federal government to reclassify visa status shall continue to be ineligible until the petition has been granted by the federal government.

(b) A person who has petitioned the federal government to reclassify his or her visa status based on marriage to a Kentucky resident and who can demonstrate that the petition has been filed and acknowledged by the federal government, may establish Kentucky domicile and residency at that time.

Section 9. Beneficiaries of a Kentucky Educational Savings Plan Trust. A beneficiary of a Kentucky Educational Savings Plan Trust shall be granted residency status if the beneficiary meets the requirements of KRS 164A.330(6).

Section 10. Criteria Used in a Determination of Residency Status.

(1) (a) A determination of Kentucky domicile and residency shall be based upon verifiable circumstances or actions.

(b) A single fact shall not be paramount, and each situation shall be evaluated to identify those facts essential to the determination of domicile and residency.

(c) A person shall not be determined to be a Kentucky resident by the performance of an act that is incidental to fulfilling an educational purpose or by an act performed as a matter of convenience.

(d) Mere physical presence in Kentucky, including living with a relative or friend, shall not be sufficient evidence of domicile and residency.

(e) A student or prospective student shall respond to all requests for information regarding domicile or residency requested by an institution.

(2) The following facts, although not conclusive, shall have probative value in their entirety and shall be individually weighted, appropriate to the facts and circumstances in each determination of residency:

(a) Acceptance of an offer of full-time employment or transfer to an employer in Kentucky or contiguous area while maintaining residence and domicile in Kentucky;

(b) Continuous physical presence in Kentucky while in a nonstudent status for the twelve (12) months immediately preceding the start of the academic term for which a classification of Kentucky residency is sought;

(c) 1. Filing a Kentucky resident income tax return for the calendar year preceding the date of application for a change in residency status; or

2. Payment of Kentucky withholding taxes while employed during the calendar year for which a change in classification is sought;

(d) Full-time employment of at least one (1) year while living in Kentucky;

(e) Attendance as a full-time, nonresident student at an out-of-state institution based on a determination by that school that the person is a resident of Kentucky;

(f) Abandonment of a former domicile or residence and establishing domicile and residency in Kentucky with application to or attendance at an institution following and incidental to the change in domicile and residency;

(g) Obtaining licensing or certification for a professional and occupational purpose in Kentucky;

(h) Payment of real property taxes in Kentucky;

(i) Ownership of real property in Kentucky, if the property was used by the student as a residence preceding the date of application for a determination of residency status;

(j) Marriage of an independent student to a person who was domiciled in and a resident of Kentucky prior to the marriage; and

(k) The extent to which a student is dependent on student financial aid in order to provide basic sustenance.

(3) Except as provided in subsection (4) of this section, the following facts, because of the ease and convenience in completing them, shall have limited probative value in a determination that a person is domiciled in and is a resident of Kentucky:

(a) Kentucky automobile registration;

(b) Kentucky driver's license;

(c) Registration as a Kentucky voter;

- (d) Long-term lease of at least twelve (12) consecutive months of noncollegiate housing; and
 - (e) Continued presence in Kentucky during academic breaks.
- (4) The absence of a fact contained in subsection (3) of this section shall have significant probative value in determining that a student is not domiciled in or is not a resident of Kentucky.

Section 11. Effect of a Change in Circumstances on Residency Status.

- (1) If a person becomes independent or if the residency status of a parent or parents of a dependent person changes, an institution shall reassess residency either upon a request by the student or a review initiated by the institution.
- (2) Upon transfer to a Kentucky institution, a student's residency status shall be assessed by the receiving institution.
- (3) A reconsideration of a determination of residency status for a dependent person shall be subject to the provisions for continuous enrollment, if applicable.

Section 12. Student Responsibilities.

- (1) A student shall report under the proper residency classification, which includes the following actions:
 - (a) Raising a question concerning residency classification;
 - (b) Making application for change of residency classification with the designated office or person at the institution; and
 - (c) Notifying the designated office or person at the institution immediately upon a change in residency.
- (2) If a student fails to notify an institutional official of a change in residency, an institutional official may investigate and evaluate the student's residency status.
- (3)(a) If a student fails to provide, by the date specified by the institution, information required by an institution in a determination of residency status, the student shall be notified by the institution that the review has been canceled and that a determination has been made.
 - (b) Notification shall be made by registered mail, return receipt requested.
 - (c) Notification shall be made within ten (10) calendar days after the deadline for receipt of materials has passed.
- (4) (a) The formal hearing conducted by an institution and the final recommended order shall be a final administrative action with no appeal to the Council on Postsecondary Education.
 - (b) A formal administrative hearing conducted by the Council on Postsecondary Education for residency determinations related to eligibility for the Academic Common Market and Regional Contract Programs shall be conducted pursuant to the provisions of KRS Chapter 13B and 13 KAR 2:070. The recommended order issued by the President of the Council shall be a final administrative action.
- (5) A student shall not be entitled to appeal a determination of residency status if the determination made by an institution is because a student has failed to meet published deadlines for the submission of information as set forth in subsection (3) of this section. A student may request a review of a determination of residency status in a subsequent academic term.

Section 13. Institutional Responsibilities. Each institution shall:

- (1) Provide for an administrative appeals process that includes a residency appeals officer to consider student appeals of an initial residency determination and which shall include a provision of fourteen (14) days for the student to appeal the residency appeals officer's determination;
- (2) Establish a residency review committee to consider appeals of residency determinations by the residency appeals officer. The residency review committee shall make a determination of student residency status and notify the student in writing within forty-five (45) days after receipt of the student appeal;
- (3) Establish a formal hearing process as described in Section 14 of this administrative regulation; and
- (4) Establish written policies and procedures for administering the responsibilities established in subsections (1), (2), and (3) of this section and that are:
 - (a) Approved by the institution's governing board;
 - (b) Made available to all students; and
 - (c) Filed with the council.

Section 14. Formal Institutional Hearing.

- (1) A student who appeals a determination of residency by a residency review committee shall be granted a formal hearing by an institution if the request is made by a student in writing within fourteen (14) calendar days after notification of a determination by a residency review committee.
- (2) If a request for a formal hearing is received, an institution shall appoint a hearing officer to conduct a formal hearing. The hearing officer shall:
 - (a) Be a person not involved in determinations of residency at an institution except for formal hearings; and

- (b) Not be an employee in the same organizational unit as the residency appeals officer.
- (3) An institution shall have written procedures for the conduct of a formal hearing that have been adopted by the board of trustees or regents, as appropriate, and that provide for:
 - (a) A hearing officer to make a recommendation on a residency appeal;
 - (b) Guarantees of due process to a student that include:
 - 1. The right of a student to be represented by legal counsel; and
 - 2. The right of a student to present information and to present testimony and information in support of a claim of Kentucky residency; and
 - (c) A recommendation to be issued by the hearing officer.
- (4) An institution's formal hearing procedures shall be filed with the Council on Postsecondary Education and shall be available to a student requesting a formal hearing.

Section 15. Cost of Formal Hearings.

- (1) An institution shall pay the cost for all residency determinations including the cost of a formal hearing.
- (2) A student shall pay for the cost of all legal representation in support of the student's claim of residency.

(17 Ky.R. 2557; eff. 4-5-1991; Am. 22 Ky.R. 1656; 1988; eff. 5-16-1996; 23 Ky.R. 3380; 3797; 4099; eff. 6-16-1997; 24 Ky.R. 2136; 2705; 25 Ky.R. 51; eff. 7-13-1998; 25 Ky.R. 2177; 2577; 2827; eff. 6-7-1999; 749; 1238; eff. 11-12-2002; 36 Ky.R. 1083; 1951; 2033-M; eff. 4-2-2010; TAm eff. 11-20-2014; 41 Ky.R. 2108; 42 Ky.R. 9; eff. 7-13-2015; TAm 7-13-2015)

164A.330 Participation agreements for savings plan trust -- Confidentiality of information.

The savings plan trust shall have the authority to enter into participation agreements with participants on behalf of beneficiaries pursuant to the following terms and agreements:

- (1) Each participation agreement shall require a participant to agree to invest a specific amount of money in the trust for a specific period of time for the benefit of a specific beneficiary. Participation agreements may be amended to provide for adjusted levels of contributions based upon changed circumstances or changes in educational plans and may contain penalties for failure to make contributions when scheduled;
- (2) Notwithstanding the provisions of subsection (1) of this section, participants may elect to enter into a lump-sum contribution participation agreement in connection with which a single, lump-sum contribution is made by the participant for the benefit of a beneficiary;
- (3) Execution of a participation agreement by the trust shall not guarantee in any way that higher education costs will be equal to projections and estimates provided by the trust or that the beneficiary named in any participation agreement will:
 - (a) Be admitted to an institution of higher education;
 - (b) If admitted, be determined a resident for tuition purposes by the institution of higher education, unless the participation agreement is vested;
 - (c) Be allowed to continue attendance at the institution of higher education following admission; or
 - (d) Graduate from the institution of higher education;
- (4) Beneficiaries may be changed as permitted by the rules and regulations of the board upon written request of the participant provided, however, that the substitute beneficiary shall be eligible;
- (5) Participation agreements shall be freely amended throughout their terms in order to enable participants to increase or decrease the level of participation, change the designation of beneficiaries, and carry out similar matters;
- (6) Each participation agreement shall provide that for vested participation agreements, the beneficiary shall be considered a resident of the Commonwealth for tuition purposes if the beneficiary enrolls in an institution of higher education in Kentucky;
- (7) Each participation agreement shall provide that it may be canceled under the terms and conditions, including payment of the fees and costs, set forth in the rules and regulations promulgated by the board;

(8) The participation agreement shall ensure that contributions made pursuant to subsections (1) and (2) of this section shall not be made in real or personal property other than cash and shall not exceed the anticipated higher education costs of the beneficiary;

(9) The participation agreement shall provide that the participant and the beneficiary shall not directly or indirectly or otherwise control the investment of contributions or earnings on contributions;

(10) Information obtained from a participant or a beneficiary and other personally identifiable records made by the trust in the administration of this chapter shall not be published or be open for public inspection pursuant to KRS 61.870 to 61.884, except as provided below:

(a) Upon written request, a participant or beneficiary or his legal representative shall be entitled to be advised of the aggregate balance of contributions and earnings for all participation agreements that designate that same beneficiary;

(b) Information may be made available to public employees in the performance of their duties, but the agency receiving the information shall assure the confidentiality, as provided for in this section, of all information so released;

(c) Statistical information derived from information and records obtained or made by the trust may be published, if it in no way reveals the identity of any participant or beneficiary; and

(d) Nothing in this section shall preclude the program administrator or any employee of the board from testifying or introducing as evidence information or records obtained or made by the trust in any proceeding under this chapter, in an action to which the trust is a party, or upon order of a court.

Effective: July 14, 2000

History: Amended 2000 Ky. Acts ch.b382, sec.b5, effective July 14, 2000. -- Amended 1998 Ky. Acts ch.b132, sec.b4, effective March 26, 1998. -- Amended 1996 Ky. Acts ch.b11, sec.b2, effective July 15, 1996. -- Amended 1992 Ky. Acts ch.b190, sec.b7, effective July 14, 1992. -- Created 1988 Ky. Acts ch.b88, sec.b7, effective July 15, 1988.

11 KAR 12:040. Residency classification for Kentucky Educational Savings Plan Trust vested participation agreements.

RELATES TO: KRS 164A.305(14), 164A.330(6) STATUTORY AUTHORITY: KRS 164A.325(9)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 164A.325(9) authorizes the board to promulgate administrative regulations to implement the Kentucky Educational Savings Plan Trust. KRS 164A.330(6) requires that each participation agreement provide that for a vested participation agreement, the beneficiary shall be considered a resident of the Commonwealth for tuition purposes if the beneficiary enrolls in an institution of higher education in Kentucky. This administrative regulation establishes the standards for proof of residency of a beneficiary for a vested participation agreement

Section 1. Residency Requirement.

(1) A person who has been a resident of the Commonwealth of Kentucky for at least eight (8) continuous years and was designated as a beneficiary under a participation agreement that is in full force and effect for that entire eight (8) year period, shall be deemed to have a vested participation agreement, even if the beneficiary leaves the state prior to enrollment in an institution of higher education.

(2) For purposes of subsection (1) of this section, a participation agreement shall be deemed to be in full force and effect if, at the end of the eight (8) year period, the total contributions of principal to the account that remain in the account balance equals \$2400 and the participation agreement has not been cancelled at the time that the beneficiary first enrolls in an institution of higher education.

Section 2. Proof of Residency.

(1) Following the expiration of the period of eight (8) years of continuous residency by the beneficiary, either the participant or the beneficiary shall submit to the program administrator evidence of the residency to establish a vested participation agreement. Evidence submitted on behalf of a dependent person shall pertain to the domicile of either parent during the claimed period of residency. An individual who enrolls in college immediately following graduation from high school and remains enrolled shall:

(a) Be treated as a dependent person unless the contrary is evident from the information submitted; and

(b) Have his domicile inferred from the student's permanent address, parent's mailing address, or location of high school of graduation.

(2) A person claiming independent status shall document independent status under subsection (4) of this section and shall demonstrate by clear and convincing evidence that domicile in Kentucky has been established by that person's acts.

(3) The determination of residency shall be based upon verifiable circumstances or actions. A single fact shall not be paramount, and each situation shall be evaluated to identify those facts which are essential to the determination of domicile.

(4) The following facts, although not conclusive, shall have probative value in support of a claim for resident classification:

(a) Full-time employment in Kentucky or transfer to an employer in contiguous area while maintaining domicile in Kentucky;

(b) Filing of Kentucky resident income tax return for each applicable calendar year of claimed residency status;

(c) Attendance as a full-time, nonresident student at an out-of-state institution of higher education while determined to be a resident of Kentucky;

(d) Abandonment of a former domicile and establishing domicile in Kentucky with attendance at an institution of higher education following and incidental to the change in domicile;

(e) Payment of occupational taxes in Kentucky;

(f) Payment of real property taxes in Kentucky;

(g) Payment of intangible personal property taxes in Kentucky;

(h) Ownership of real property in Kentucky, if the property was used as a residence during the claimed period of residency status;

(i) Long-term lease of housing during the claimed period of residency status;

(j) Kentucky automobile registration during the claimed period of residency;

(k) Kentucky driver's license during the claimed period of residency status;

(l) Registration as a Kentucky voter during the claimed period of residency; or

(m) Corroborating affidavit of a nonrelative.

(5) The determination of residency shall be based upon verifiable circumstances or actions and authenticated copies of relevant documentation. The program administrator may request additional documentation to clarify circumstances and shall formulate a decision that considers all relevant facts.

Section 3. Nontransferability of Vested Participation Agreement. Although the participant may freely substitute beneficiaries under a participation agreement, the residency status acquired by a beneficiary of a vested participation agreement shall not be used to confer residency status on a substituted beneficiary, nor shall the residency of one (1) beneficiary be taken into account in the establishment of a vestment period for a substituted beneficiary.

(17 Ky.R. 3572; eff. 8-2-91; Am. 19 Ky.R. 437; eff. 10-1-92; 25 Ky.R. 393; 811; eff. 10-1-98; 26 Ky.R. 2286; eff. 8-14-2000; 28 Ky.R. 1438; 1789; eff. 2-11-2002.)