

## CHAPTER 234

## (HB 243)

AN ACT relating to revenue and taxation.

*Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

Section 1. KRS 132.820 is amended to read as follows:

(1) The cabinet shall value and assess unmined coal, oil, and gas reserves, and any other mineral or energy resources which are owned, leased, or otherwise controlled separately from the surface real property at no more than fair market value in place, considering all relevant circumstances. Unmined coal, oil, and gas reserves and other mineral or energy resources shall in all cases be valued and assessed by the Revenue Cabinet as a distinct interest in real property, separate and apart from the surface real estate ***unless:***

- (a) ***The unmined coal, oil and gas reserves, and other mineral or energy resources are owned in their entirety by the surface owner;***
- (b) ***The surface owner is neither engaged in the severance, extraction, processing, or leasing of mineral or other energy resources nor is he an affiliate of a person who engages in those activities; and***
- (c) ***The surface is being used by the surface owner primarily for the purpose of raising for sale agricultural crops, including planted and managed timberland, or livestock or poultry.***

***For purposes of this section, "affiliate" means a person who directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another individual, partnership, committee, association, corporation, or any other organization or group of persons.***

- (2) Each owner or lessee of property assessed under subsection (1) of this section shall annually, between January 1 and April 15, file a return with the cabinet in a form as the cabinet may prescribe. Other individuals or corporations having knowledge of the property defined in subsection (1) of this section gained through contracting, extracting, or similar means may also be required by the cabinet to file a return.
- (3) Any property subject to assessment by the cabinet under subsection (1) of this section which has not been listed for taxation, for any year in which it is taxable, by April 15 of that year shall be omitted property.
- (4) After the valuation of unmined minerals or other energy sources has been finally fixed by the cabinet, the cabinet shall certify to the county clerk of each county the amount liable for county, city, or district taxation. The report shall be filed by the county clerk in his office, and shall be certified by the county clerk to the proper collecting officer of the county, city, or taxing district for collection.
- (5) The notification, protest, and appeal of assessments under subsection (1) of this section shall be made pursuant to the provisions of KRS Chapter 131.
- (6) No appeal shall delay the collection or payment of taxes based upon the assessment in controversy. The taxpayer shall pay all state, county, and district taxes due on the valuation which the taxpayer claims as the true value as stated in the protest filed under KRS 131.110. When the valuation is finally determined upon appeal, the taxpayer shall be billed for any additional tax and interest at the tax interest rate as defined in KRS 131.010(6), from the

date the tax would have become due if no appeal had been taken. The provisions of KRS 134.390 shall apply to the tax bill.

- (7) The collection of tax bills generated from the assessments made under subsection (1) of this section shall be made pursuant to the provisions of KRS Chapter 134.

Section 2. KRS 141.050 is amended to read as follows:

- (1) Except to the extent required by differences between this chapter and its application and the federal income tax law and its application, the administrative and judicial interpretations of the federal income tax law, computations of gross income and deductions therefrom, accounting methods, and accounting procedures, for purposes of this chapter shall be as nearly as practicable identical with those required for federal income tax purposes. ***Changes to federal income tax law made after the Internal Revenue Code reference date contained in KRS 141.010(3) shall not apply for purposes of this chapter unless adopted by the General Assembly.***
- (2) Every person subject to the provisions of this chapter shall keep such records, render under oath such statements, make such returns, and comply with such rules and regulations as the cabinet from time to time may prescribe. Whenever the cabinet judges it necessary, it may require such person, by notice served upon him, to make a return, render under oath such statements, or keep such records, as the cabinet deems sufficient to show whether or not such person is liable for tax, and the extent of such liability.
- (3) The secretary or his authorized agent or representative, for the purpose of ascertaining the correctness of any return or for the purposes of making an estimate of the taxable income of any taxpayers, may require the attendance of the taxpayer or of any other person having knowledge in the premises.
- (4) The cabinet shall prescribe the forms and reports necessary to the proper administration of any and all provisions of this chapter, and shall promulgate such rules and regulations necessary to effectively carry out the provisions of this chapter.

Section 3. The amendments contained in Section 1 of this Act shall apply to tax assessments made on or after January 1, 2003.

**Approved April 8, 2002**