

CHAPTER 274**(SB 184)**

AN ACT relating to local governments.

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

Section 1. KRS 67A.360 is amended to read as follows:

Words and phrases, wherever used in KRS 67A.360 to 67A.690, unless a different meaning is clearly indicated by the context, shall have the following meanings:

- (1) "Fund" shall mean the "Policemen's and Firefighter's Retirement Fund of the Urban-County Government";
- (2) "Government" shall mean the governmental unit of any urban-county government in the Commonwealth of Kentucky, including the governmental unit of any former urban-county government which changes its form of government, class or other status;
- (3) "Department" shall mean the police department or the fire department of a government;
- (4) "Board" shall mean the board of trustees provided in KRS 67A.360 to 67A.690 as the agency responsible for the direction and operation of the affairs and business of the fund. The board shall hold title to all assets of the fund;
- (5) "Member" shall mean any member of the police or fire department who is included in the membership of the fund;
- (6) "Service" shall mean actual employment in a department of a government, or a city existing within the boundaries of the government immediately prior to the establishment of an urban-county government, for salary or compensation, or service otherwise creditable as herein provided;
- (7) "Prior service" shall mean service rendered prior to the date of establishment of the fund or the fund of a city existing within the boundaries of the government immediately prior to the establishment of an urban-county government;
- (8) "Membership service" shall mean service rendered on or after the date of establishment of the fund or the fund of a city existing within the boundaries of the government immediately prior to the establishment of an urban-county government;
- (9) "Total service" shall mean prior service, membership service, and service credit purchased by a member as provided in KRS 67A.402;
- (10) "Regular interest" shall mean such rate of interest as shall be fixed by the board, provided that for the first five (5) years of operation of the fund the rate shall be not less than three percent (3%) per annum, compounded annually;
- (11) "Occupational disability" shall mean disability due to occupational causes, including but not limited to injury or disease. The presumption of contracting disease "while on active duty as a result of strain or the inhalation of noxious fumes, poisons or gases" created by KRS 79.080 shall be a presumption of "occupational disability" hereunder;
- (12) "Occupational death" shall mean death due to occupational causes, including, but not limited to, injury or disease;

- (13) "Average salary" shall mean the highest average annual salary of the member for any three (3) consecutive years of service within the total service of the member, including employee contributions picked up after August 1, 1982 pursuant to KRS 67A.510(2);
- (14) The masculine pronoun, wherever used, shall include the feminine pronoun; and widow shall include widower;
- (15) The fiscal year of the fund shall date from July 1 of any year to June 30 of the next year following;
- (16) "Total disability" shall mean a disability which substantially precludes a person from performing with reasonable regularity the substantial and material parts of any gainful work or occupation in the service of the department that he would be competent to perform were it not for the fact that the impairment is founded upon conditions which render it reasonably certain that it will continue indefinitely;
- (17) "Minor child" includes, as applicable, a child under the age of twenty-three (23) still engaged in full-time education;
- (18) "Mayor," "commissioner of finance," "commissioner of public safety," and "director of human resources" shall mean the persons holding the office or job most closely resembling the ordinary meaning of such terms, in the event that a government does not have an office so described; and
- (19) "Salary" means the member's actual base rate of pay and any other compensation that the government chooses to include. "Salary" ~~shall~~~~may~~ include longevity pay, training incentive pay, and hazardous duty and special duty pay but shall exclude uniform and equipment allowances, uniform maintenance allowances, education incentive pay, annual payments for excess accumulated sick leave credit, compensation for overtime work, except for scheduled overtime of fire department members, and any other compensation excluded by the government.

Section 2. KRS 67A.410 is amended to read as follows:

- (1) Any member may, at his option, retire on a service retirement annuity upon or after attainment of the age of forty-six (46) years, if he shall have completed at least twenty (20) years of total service. Upon fulfillment of these terms, the board shall grant the retirement annuity upon receipt of the application of the member.
- (2) Any member who withdraws from service prior to age forty-six (46) years after having completed at least twenty (20) years of total service, and who does not accept a refund of contributions, shall receive, upon application, a certificate entitling him to a service retirement annuity upon his attainment of age forty-six (46) and specifying the amount of the annuity earned and accrued at the date of withdrawal from service.
- (3) Upon the death, prior to age forty-six (46), of a member holding a certificate granted pursuant to subsection (2) of this section, the surviving spouse shall receive an annuity equal to sixty percent (60%) of the annuity specified on the certificate, subject to the conditions and additional benefits found in KRS 67A.450(1)(a), 67A.450(1)(b), 67A.450(2), and 67A.450(3).
- (4) The benefits provided in KRS 67A.600 and 67A.690 to an eligible member who retires or withdraws from service under the provisions of subsection (1) or (2) of this section after July 15, 1994, or to the member's surviving spouse or dependent children, shall be

calculated when the member is retired for one (1) year or attains the age of forty-seven (47), whichever is later, or would have been retired for one (1) year or reached the age of forty-seven (47), whichever is later, if the member died before being retired one (1) year or reaching the age of forty-seven (47).

- (5) *On or before March 3, 2003, the board shall provide for a vote by the full active membership on a provision that would allow members to retire with full benefits after twenty (20) years of total service, regardless of age. If a majority of the active membership voting votes in favor of a twenty (20) year service provision, the urban-county government, in coordination with the board, shall enact the twenty (20) year service provision within a period of six (6) months. Notwithstanding any statute to the contrary, any member retiring after the enactment of the twenty (20) year service provision, if enacted, shall be eligible to retire with twenty (20) years of service regardless of age.*

Section 3. KRS 67A.430 is amended to read as follows:

- (1) The rate of retirement annuity shall be two and one-half percent (2.5%) of average salary, as defined in KRS 67A.360(13), for each year of total service. Fractional periods of service shall be considered in the calculation of such annuities according to the aforesaid rate. Provided, however, that no retiree, or his surviving widow, whether he retired before or after June 16, 1972, under this section shall receive a pension of less than \$100 a month and when Social Security benefits are increased the minimum shall be increased by a like amount, provided that the increase shall not exceed five percent (5%).
- (2) Any retiree or surviving spouse who as of July 1, 2001, is receiving a monthly annuity of less than one thousand dollars (\$1,000) shall have the pension increased to one thousand dollars (\$1,000), and the board ~~shall~~~~may~~ increase this annuity *at the same rate as annually* provided by KRS 67A.690(1), *and such increase shall be determined and granted annually thereafter by the board.*

Section 4. KRS 67A.440 is amended to read as follows:

- (1) Upon death of a member due to occupational causes, regardless of length of service, his surviving widow shall be entitled immediately upon cessation of salary to an annuity equal to sixty percent (60%) of the member's last rate of salary. This annuity shall be payable until she dies~~or remarries~~. In addition, if any minor children of the member, under age eighteen (18), survive the member, the widow or parent or legal guardian shall receive on account of each child, ten percent (10%) of the member's last rate of salary until each child attains age eighteen (18). In the case of a child regularly engaged in full-time educational activities, payments shall continue until age twenty-three (23), but payments shall be made directly to a child between the ages of eighteen (18) and twenty-three (23). The combined payments to a widow and minor children shall not exceed seventy-five percent (75%) of his final rate of salary. When more than one (1) child survives the member, the amount payable by reason of such children shall be divided equally among them.
- (2) If the member is not survived by a widow, or, if she remarries, and there are minor children of the member, the following benefits shall be paid:
- (a) One (1) minor child, fifty percent (50%) of the final rate of salary;
 - (b) Two (2) minor children, an additional fifteen percent (15%) of final salary;

- (c) Three (3) or more minor children, an additional ten percent (10%) of final salary, subject to a maximum combined payment of seventy-five percent (75%) of the member's final rate of salary.

These benefits shall be divided in equal amounts for each child and paid to the parent or legal guardian of each child under eighteen (18). In the case of a child regularly engaged in full-time educational activities, payments shall continue until age twenty-three (23), but payments shall be made directly to the child between the ages of eighteen (18) and twenty-three (23). As eligibility of children expires, the total annuity payment shall be reduced by percentage amount in reverse order.

- (3) If neither a widow nor minor children eligible for benefits survive the member, each dependent parent shall be entitled to an annuity equal to twenty-five percent (25%) of the member's last rate of salary, or fifty percent (50%) to both parents.

Section 5. KRS 67A.520 is amended to read as follows:

The government shall make current contributions to the fund on an actuarially funded basis, toward the annuities and benefits herein provided. These contributions shall be equal to the sum of the following:

- (1) An annual amount resulting from the application of a rate percent of salaries of active members determined by the entry age normal cost funding method. Such rate percent shall be fixed by the board every *two (2)*~~three (3)~~ years, within six (6) months after the actuarial study required by subsection (6) of KRS 67A.560 (actuarial survey of the fund), and shall be in effect for a period of at least *two (2)*~~three (3)~~ years.
- (2) An amount resulting from the application of a rate percent of the salaries of active members which will provide each year regular interest on the remaining liability for prior service.
- (3) In any event, the total contribution of the government shall be at least seventeen percent (17%) of the salaries of the active members participating in the fund.
- (4) In addition to other remedies provided by law, any member of the fund or any annuitant may obtain in the Circuit Court of any county in which the government is located an injunction or mandamus requiring the government to comply herewith.

Section 6. KRS 67A.580 is amended to read as follows:

- (1) An adequate system of accounts and records shall be established and maintained for the fund that will reflect fully the requirements of the provisions of KRS 67A.360 to 67A.690. This system shall be integrated, to the extent possible with the accounts, records, and procedures of the government to the end that the same shall operate most effectively and at minimum expense, and that duplication of records and accounts may be avoided.
- (2) All assets of the fund shall be credited according to the purposes for which they are held in the following designated reserve accounts:
 - (a) Members' Contribution Reserve. The amounts contributed by the members, including those picked up pursuant to KRS 67A.510(2), shall be credited to this reserve, together with regular interest thereon as herein provided. An individual account shall be maintained for each member, to which shall be credited the amounts of his contributions or amounts picked up by the urban-county government. Upon the granting of a service retirement annuity, disability annuity, or survivor's annuity or benefit, the accumulated contributions to the credit of the member concerned shall be

transferred from this reserve to the retirement reserve. Refunds and death payments representing member's contributions shall be charged to this reserve.

- (b) Employer's Contribution Reserve. The amounts contributed by the government under the provisions hereof, for service retirement annuity, disability retirement annuity, and benefits to survivors covering membership service and prior service, shall be credited to this reserve. Upon the granting of a service retirement annuity, disability retirement annuity, or survivor's benefit, an amount representing the excess of the actuarial value of the annuity, or benefit over the accumulated contributions of the member, shall be transferred from this reserve to the retirement reserve.
- (c) Retirement Reserve. Upon the granting of a service retirement annuity, disability retirement annuity, or survivor's benefit, the accumulated contributions of the member, including those picked up pursuant to KRS 67A.510(2), and an amount representing the excess of the actuarial value of the annuity or benefit over such accumulated contributions, shall be transferred to this reserve from the member's contribution reserve and employer's contribution reserve, respectively. All income from investments, including gains on investment transactions, shall be credited to this reserve. All losses on investments shall be charged to this reserve. All payments on account of any annuity made by the fund shall be charged to this reserve. Any excess balance in this reserve, as determined by actuarial valuation as of the close of any fiscal year, shall be applied to reduce the *employee's*~~government's~~ contributions for membership service for the fiscal years next following the date of such valuation. Any deficiency in this reserve shall be removed by an increase in the amount of government's contributions for future membership service.

Section 7. KRS 67A.690 is amended to read as follows:

- (1) When a member has been retired for one (1) year or attained forty-seven (47) years of age, whichever is later, or when he would have been retired for one (1) year or attained forty-seven (47) years of age in the event the member is deceased, the board shall increase his retirement annuity or the annuity paid to his widow or dependent children by not less than two percent (2%) nor more than five percent (5%) per year, compounded annually; and such increase shall be determined and granted annually thereafter by the board.
- ~~(2) (a) Notwithstanding the provisions of subsection (1), any member who retires under a disability arising from any cause other than in the performance of duty shall be entitled to an increase in his retirement annuity, or in the event he is deceased, in the annuity paid to his widow or dependent children by two percent (2%) per year; and such increase shall be granted annually thereafter by the board. Such increase shall be compounded until and including the date upon which the member would have been retired for one (1) year or the date upon which he has attained forty seven (47) years of age, whichever is later, or would have been retired for one (1) year or would have attained forty seven (47) years of age in the event the member is deceased. Thereafter, the annuity paid to the member or to his widow or to the guardian of his minor children shall be increased as provided in subsection (1) of this section.~~
- ~~(b)~~ Beginning July 1, 2001, notwithstanding any other provision to the contrary, any member, retired under occupational disability, as provided in KRS 67A.460, *or nonoccupational disability* shall be entitled to an increase in his or her annuity, or in the event of death the annuity paid to his or her spouse or dependent, after he or she has been retired one (1) year

regardless of age or date of retirement. The amount of the annual increase shall be the same as described in subsection (1) of this section, compounded annually, and the increase shall be determined and granted annually thereafter by the board. For a member retired on occupational disability for a length of time in excess of one (1) year prior to June 21, 2001, the board shall increase the member's annuity as described in this paragraph, on July 1, 2001, and each July 1 thereafter.

- (3) (a) A member who retired pursuant to the provisions of KRS 67A.360 to 67A.690 prior to July 15, 1980, or pursuant to KRS 67A.690(2) after July 15, 1980, or his surviving spouse or eligible surviving children, shall receive an upward adjustment in their retirement or survivor's annuity by calculation of a two percent (2%) annual increase compounded from July 1, 1974, until July 15, 1980, and annual increases compounded, from July 15, 1980, until July 15, 1990, in the same percentage amount by which the pension board increased other pensions pursuant to subsection (1) of this section for those same years. For purposes of calculation, unless the member retired under disability, the member's or survivor's first increase shall occur after the member was retired for one (1) year or attained the age of forty-seven (47), whichever was later, or would have been retired one (1) year or reached the age of forty-seven (47), whichever was later, in the event the member died before being retired one (1) year or reaching the age of forty-seven (47). In the case of retirement under disability, no age or length of retirement criteria shall apply.
 - (b) After calculation of the new annuity level, members of age forty-seven (47) or more affected by this subsection, or survivors of a member who would have been forty-seven (47) or more in the event the member is deceased, shall be granted the same annual increase granted to retirees who retired July 15, 1980, or thereafter, pursuant to subsection (1) of this section, and the annuity on which this cost-of-living increment is based shall be the annuity level reached through the addition of annual compounded increases calculated pursuant to paragraph (a) of this subsection, but not less than the annuity level in effect prior to July 15, 1990. If the member has not attained the age of forty-seven (47) or would not have attained the age of forty-seven (47) in the event the member is deceased, then the member or survivor shall receive increases of two percent (2%) compounded annually until the member attains or would have attained age forty-seven (47), at which time the same annual increase granted to retirees who retired July 15, 1980, or thereafter shall apply.
- (4) The provisions of subsection (3) of this section shall not apply to any retiree or surviving spouse who receives a minimum retirement annuity, annually adjusted, pursuant to KRS 67A.430. If, in the future, any retiree or spouse annuity granted pursuant to this section falls below the adjusted minimum annuity, the affected retiree or spouse shall be granted, from that time forward, the adjusted minimum annuity calculated pursuant to KRS 67A.430.

SECTION 8. A NEW SECTION OF KRS 67A.210 TO 67A.350 IS CREATED TO READ AS FOLLOWS:

- (1) *All members of the policemen's and firefighters' retirement fund of the urban-county government, operated pursuant to KRS 67A.360 to 67A.690, and all members of the urban-county government city employees pension fund who retired prior to July 1, 1999, and who did not terminate their participation in the group health insurance plan provided by the urban-county government before that date, and all members who retire on or after July 1, 1999, or who withdraw from service on a certificate pursuant to*

subsection (2) of Section 2 of this Act, shall continue to be eligible to participate, at the member's cost, in a group health insurance plan approved by the urban-county council for such retirees.

- (2) *The urban-county government shall provide, on behalf of all eligible members of the policemen's and firefighters' retirement fund and city employees pension, the following benefits:*
 - (a) *A sum equal to the single premium for the plan coverage selected by the retiree, but not more than one hundred percent (100%) of the urban-county government's contribution to the health insurance component of the benefit pool for current urban-county government employees; and*
 - (b) *Upon the death of a member of the policemen's and firefighters' retirement fund due to occupational causes, the urban-county government shall pay to the approved provider of the group health insurance plan one hundred percent (100%) of the cost of the family medical coverage for the member's surviving spouse and dependent children as long as they remain eligible for a monthly retirement allowance from the retirement fund.*
- (3) *No benefits shall be available under this section to retired members who were not, immediately prior to July 1, 1999, participants in the group health insurance plan coverage provided to urban-county government employees and retirees or who retire on or after July 1, 1999, and, at the time of their retirement, do not elect to participate in the group health insurance plan coverage provided pursuant to subsection (1) of this section.*
- (4) *Benefits shall be available under this section to members of the policemen's and firefighters' retirement fund who withdraw from service on a certificate pursuant to subsection (2) of Section 2 of this Act when they attain the age of forty-six (46) years if, at the time they withdraw from service, they elect to participate in the group health insurance plan coverage provided pursuant to subsection (1) of this section upon attaining age forty-six (46).*
- (5) *All payments shall be made to the approved provider of the group health insurance plan, not to the retiree, and the retiree shall not be entitled to receive any portion of the government contribution remaining after payment is made to the approved provider.*
- (6) *Group rates under the group health insurance plan approved by the urban-county council under subsection (1) of this section shall be made available to the spouse, dependents, and disabled children, regardless of the disabled child's age, of a qualified and participating retiree, if the premium for the spouse, dependent, or disabled child is paid by the retired member, spouse, dependent, or disabled child, by payroll deduction or similar method.*

SECTION 9. A NEW SECTION OF KRS CHAPTER 281 IS CREATED TO READ AS FOLLOWS:

- (1) *As used in this section, "local government" means the governing body of:*
 - (a) *A consolidated local government organized under KRS Chapter 67C; or*
 - (b) *An urban-county government organized under KRS Chapter 67A.*
- (2) *Notwithstanding any other provision of this chapter, a local government that complies with the requirements of this section may be granted authority over the regulation of taxicabs in that local government's jurisdiction.*

- (3) *A local government that desires to regulate taxicab service within its jurisdiction shall:*
- (a) *Adopt a resolution by October 1 of any given year expressing its intent to exercise regulatory authority over taxicabs and requesting that the Transportation Cabinet grant the local government regulatory authority over taxicabs; and*
 - (b) *Enact an ordinance by January 1 of the following year pursuant to subsection (4) of this section and submit it to the cabinet for approval pursuant to subsection (5) of this section.*
- (4) *A local government that desires to regulate taxicab service within its jurisdiction shall adopt an ordinance regarding the regulation of taxicabs which addresses the following areas of public comfort, safety, and convenience:*
- (a) *A local taxicab permit system to ensure the safety and road worthiness of each taxicab as outlined in Section 10 of this Act, including inspection requirements, out-of-service criteria, and penalties for submitting fraudulent service records. All taxicabs operated under this section shall be required to be registered and display registration plates under the provisions of KRS Chapters 186 and 186A;*
 - (b) *A local taxicab driver permit system to ensure the fitness of drivers, including criminal background checks, display of permits, and revocation or suspension of local driver permits. All drivers of taxicabs operated under this section shall be required to possess a motor vehicle operator's license under the provisions of KRS Chapter 186;*
 - (c) *Rates and fares, and receipts therefor;*
 - (d) *Procedures for considering applications from a permit holder to change the number of taxicabs that a taxi permit holder has in operation;*
 - (e) *Procedures for the sale, transfer, and leasing of taxicab permits;*
 - (f) *Routes and areas of service, including changes of route or abandonment of service areas;*
 - (g) *Dispatching of taxicabs;*
 - (h) *Bonding and liability insurance requirements which shall not be less than those requirements in KRS 281.655(4);*
 - (i) *Handling of claims for loss, damage, or injury;*
 - (j) *Fees to be paid by taxicab permit holders;*
 - (k) *Record keeping required by permit holders and drivers, including trip records;*
 - (l) *Hearing and appeals processes;*
 - (m) *Taxicab permit renewal procedures;*
 - (n) *Competition in the market; and*
 - (o) *Penalties for the operation of unlicensed taxicabs, and for any other violations.*
- (5) *Before granting a local government's request to regulate taxicab service, the cabinet shall review the ordinance passed by the local government and determine that the required elements of subsection (4) of this section are properly addressed. If the cabinet determines that the ordinance meets the requirements of subsection (4) of this section, the cabinet*

shall grant regulatory authority over taxicab service in that jurisdiction to the local government.

- (6) *If, at any time, the cabinet determines that a local government granted regulatory control over taxicab service under this section is not providing adequate control over that service, the cabinet may revoke the regulatory authority it granted to the local government under this section.*

SECTION 10. A NEW SECTION OF KRS CHAPTER 281 IS CREATED TO READ AS FOLLOWS:

- (1) *As used in this section, "taxicab" means a vehicle operating under:*
- (a) *A local taxicab permit issued by a local government in accordance with Section 1 of this Act;*
 - (b) *A city taxicab certificate issued by the department under this chapter; or*
 - (c) *A county taxicab certificate issued by the department under this chapter.*
- (2) *All taxicabs operating under a permit issued by a local government in accordance with Section 9 of this Act or a certificate issued by the department under this chapter shall undergo an annual safety inspection. The inspection shall be performed by an automotive technician who holds a valid automotive service excellence (a.s.e.) certification recognized by the department.*
- (3) *All taxicab operators shall, when applying for or renewing a taxicab permit or certificate, file proof with the department or local government that each taxicab to be operated under the permit or certificate has successfully passed a safety inspection. The inspection shall be performed by an automotive technician who holds a valid automotive service excellence (a.s.e.) certification recognized by the department.*
- (4) *A local government with regulatory authority under Section 9 of this Act shall enact an ordinance and the department shall promulgate administrative regulations under KRS Chapter 13A to establish safety and out-of-service criteria for a taxicab that it regulates that fails to successfully pass the annual safety inspection required by subsection (2) of this section. The department or local government shall immediately reinstate a taxicab taken out-of-service under this subsection upon receipt of written proof documenting that the deficiencies causing the taxicab to fail the annual safety inspection have been corrected.*
- (5) *The department or local government shall have the authority to revoke the taxicab certificate or permit of, and to permanently deny a taxicab certificate or permit to, any person who willfully and intentionally files a fraudulent safety inspection record for any taxicab.*

SECTION 11. A NEW SECTION OF KRS CHAPTER 281 IS CREATED TO READ AS FOLLOWS:

If the Transportation Cabinet grants a local government regulatory authority over taxicabs under Section 9 of this Act, the local government shall grant an existing certificate holder a local taxicab permit for the number of vehicles the certificate holder has in effect on the date the local government is granted regulatory authority, provided the vehicles meet the safety requirements outlined in Section 10 of this Act. Renewal of the permit shall be subject to the local ordinance passed pursuant to Section 9 of this Act.

Section 12. KRS 138.446 is amended to read as follows:

- (1) City and suburban bus companies and taxicab companies operating under a certificate of convenience and necessity issued pursuant to KRS Chapter 281, *taxicab companies regulated by a consolidated local government organized under KRS Chapter 67C or by an urban-county government organized under KRS Chapter 67A*, holders of a nonprofit bus certificate as provided by KRS 281.619, and senior citizen programs which utilize Title III funds of the Older Americans Act in the provision of transportation services shall be entitled to a refund of seven-ninths (7/9) of the amount of KRS Chapter 138 taxes paid on motor fuels used in their regularly scheduled operations in Kentucky.
- (2) No person shall be entitled to a refund pursuant to this section unless he shall have first filed with the cabinet a bond issued by a surety company authorized to do business in Kentucky in an amount of not less than one thousand dollars (\$1,000) nor more than five thousand dollars (\$5,000) to be determined by the cabinet, conditioned upon faithful compliance with this section and upon the payment to the Commonwealth of any refunds to which he was not entitled.
- (3) Applications for refund shall be filed with the cabinet on a calendar quarter or calendar year basis on forms and in the manner prescribed by it for refund of tax paid on motor fuel used by buses or taxicabs. Each application for a refund shall show the number of gallons of motor fuel purchased during the quarter for use in buses or taxicabs; the date and quantity of each purchase; the vendor from whom the fuel was purchased; the number of gallons on which refund is claimed; and other information the cabinet may require. Invoices shall be attached to applications from taxicab companies.
- (4) The cabinet may require any gasoline dealer or any dealer's authorized agent to identify gasoline sold by him for taxicab use by adding any chemical or substance, which shall be furnished by the cabinet and used in the manner as prescribed by the cabinet. The cabinet also may require that the dealer keep a complete record of all the gasoline sold by him, which records shall give the date of each sale, the number of gallons sold, the name of the person to whom sold, and the sale price.
- (5) The cabinet shall audit the application and make any other investigation it deems necessary to determine whether it constitutes a proper claim. When the cabinet is satisfied that a refund is proper, it shall authorize seven-ninths (7/9) of the amount of the tax paid to be refunded as other refunds are made and the amount refunded shall be deducted from current motor fuel tax receipts. The tax shall be refunded with interest at the tax interest rate as defined in KRS 131.010(6).
- (6) When the cabinet finds that an application for a refund contains a false or fraudulent statement or that a refund has been fraudulently obtained, the cabinet shall refuse to grant any refunds to the person making the false or fraudulent statement or fraudulently obtaining a refund for a period of two (2) years from the date of the findings.
- (7) The cabinet may prescribe, promulgate and enforce administrative regulations relating to the administration and enforcement of this section.
- (8) The refund provided for in this section shall be effective on motor fuel purchased on or after July 1, 1978.

Approved April 9, 2002