

**CHAPTER 106****(HB 350)**

AN ACT relating to the revenues and expenditures of the Commonwealth, making an appropriation therefor and declaring an emergency.

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

Section 1. KRS 136.180 is amended to read as follows:

- (1) The Revenue Cabinet shall, immediately after fixing the assessed value of the operating property and other property of a public service corporation for taxation, notify the corporation of the valuation and the amount of assessment for state and local purposes. When the valuation has been finally determined, the cabinet shall immediately certify, unless otherwise specified, to the county clerk of each county in which any of the operating property or nonoperating tangible property assessment of the corporation is liable to local taxation, the amount of property liable for county, city, or district tax.
- (2) 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.
- (3) The Revenue Cabinet shall compute annually a multiplier for use in establishing the local tax rate for the operating property of railroads or railway companies that operate solely within the Commonwealth. The applicable local tax rates on the operating property shall be adjusted by the multiplier. The multiplier shall be calculated by dividing the statewide locally taxable business tangible personal property by the total statewide business tangible personal property.
- (4) The Revenue Cabinet shall annually calculate an aggregate local rate for each local taxing district to be used in determining local taxes to be collected for railroad carlines. The rate shall be the statewide tangible tax rate for each type of local taxing district multiplied by a fraction, the numerator of which is the commercial and industrial tangible property assessment subject to full local rates and the denominator of which is the total commercial and industrial tangible personal property assessment. Effective January 1, 1994, state and local taxes on railroad carline property shall become due forty-five (45) days from the date of notice and shall be collected directly by the Revenue Cabinet. The local taxes collected by the Revenue Cabinet shall be distributed to each local taxing district levying a tax on railroad carlines based on the statewide average rate for each type of local taxing district. However, prior to distribution any fees owed to the Revenue Cabinet by any local taxing district under the provisions of subsection (4) of this section shall be deducted.
- (5) ***The Revenue Cabinet shall bill, collect, and distribute all state and local property taxes for common carrier water transportation companies. Any fees owed to the Revenue Cabinet by any local taxing district shall be deducted before any distribution is made to any local taxing district under the provisions of this subsection.***
- (6) The certification of valuation shall be filed by each 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. Any district which has the value certified by the cabinet shall pay an annual fee to the cabinet which represents an allocation of cabinet operating and overhead expenses incurred in generating the valuations. This fee shall be determined by the cabinet and shall apply to valuations for tax periods beginning on or after December 31, 1981.

Section 2. KRS 136.181 is amended to read as follows:

Boats, tugs, barges, and other watercraft of any nonresident person, corporation, partnership, or any other business association whose route or system is partly within this state and partly within another state or states, shall be valued by the Revenue Cabinet for purposes of taxation and shall be assessed as of January 1 each year by the Revenue Cabinet; and the cabinet shall **bill and collect all ad valorem taxes on these watercraft and then** fairly divide, allocate, and **distribute the tax receipts**~~[certify such assessments]~~ to each county, city, town, or other taxing district within this state, within or through which such route or system is operated, the division, allocation, and **distribution**~~[certification]~~ to be determined in the following manner:

- (1) The proportion of the value of the property which the length of the lines or route operated in this state bears to the total length of lines or route operated in this state and elsewhere, shall be considered in fixing the value of the property for taxation in this state. Any other reasonable evidence of value shall be considered in fixing the value, but such evidence must be prescribed by cabinet regulations;
- (2) After ascertaining the portion of the system valuation of such property attributable to this state, the Revenue Cabinet shall allocate the value of the property **and distribute the tax receipts** among the counties, cities, towns, and other taxing districts. The proportion which the length of line or route operated in that jurisdiction or taxing district bears to the total length of lines or route operated in this state shall be considered in this allocation and such other reasonable evidence of value as the Revenue Cabinet may by regulations prescribe;
- (3) **The Revenue Cabinet shall be permitted to retain as an administration fee two percent (2%) of the amount due to each recipient of local taxes collected and distributed under this section.**

Section 3. KRS 136.183 is amended to read as follows:

The **state and local** taxes on the above property shall become due **forty-five (45) days from the date of the notice of assessment and**~~[at the same time and shall be subject to the same discount and penalties as provided by KRS 134.020, and shall be collected in the same manner as taxes on other tangible property; except that the state tax on such property]~~ shall be collected directly by the Revenue Cabinet.

Section 4. KRS 136.184 is amended to read as follows:

Any taxpayer who has been assessed by the Revenue Cabinet in the manner outlined above shall have **forty-five (45)**~~[thirty (30)]~~ days from the date of the cabinet's notice of ~~[the tentative]~~ assessment in which to protest and ask for a change thereof in the manner provided by KRS 131.110.

Section 5. KRS 136.1877 is amended to read as follows:

- (1) The Revenue Cabinet shall immediately, after fixing the assessed value of the trucks, tractors, trailers, semitrailers, and buses, notify the taxpayer of the valuation determined. Any taxpayer who has been assessed by the cabinet in the manner outlined in KRS 136.1873

shall have forty-five (45) days from the date of the cabinet's notice of the tentative assessment to protest as provided by KRS 131.110.

- (2) 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.
- (3) The state and local taxes on the property are due forty-five (45) days from the date of notice and shall be collected directly by the Revenue Cabinet.
- (4) The Revenue Cabinet shall annually calculate an aggregate local rate to be used in determining the local taxes to be collected. The rate shall be the statewide average motor vehicle tax rate for each type of local taxing district multiplied by a fraction, the numerator of which is the commercial and industrial tangible personal property assessment subject to full local rates and the denominator of which is the total commercial and industrial tangible personal property assessment.
- (5) The local taxes collected by the Revenue Cabinet shall be distributed to each local taxing district levying a tax on motor vehicles based on the statewide average rate for each type of local taxing district. However, prior to distribution any fees owed to the Revenue Cabinet by any local taxing district under the provisions of KRS 136.180(6)~~(5)~~ shall be deducted.

Section 6. KRS 138.510 is amended to read as follows:

- (1) Except for the conduct of harness racing at a county fair, an excise tax is imposed on all tracks conducting pari-mutuel racing under the jurisdiction of the Kentucky Horse Racing Authority. For each track with a daily average handle of one million two hundred thousand dollars (\$1,200,000) or above, the tax shall be in the amount of three and one-half percent (3.5%) of all money wagered during the fiscal year. A fiscal year as used in this subsection and subsection (3) of this section shall begin at 12:01 a.m. July 1 and end at 12 midnight June 30. For each track with a daily average handle under one million two hundred thousand dollars (\$1,200,000) the tax shall be an amount equal to one and one-half percent (1.5%) of all money wagered during the fiscal year. However, effective January 1, ~~2006~~~~[2001]~~, if a host track located in this state is the location for the conduct of a one (1) day international horse racing event that distributes in excess of a total of ten million dollars (\$10,000,000) in purses, an excise tax shall not be imposed on pari-mutuel wagering on live racing conducted that day at the race track. This tax exemption shall remain in effect for any succeeding one (1) day international horse racing event if the event returns within three (3) years of the previously-held event. For the purposes of this subsection, the daily average handle shall be computed from the amount wagered only at the host track on live racing and shall not include money wagered:
  - (a) At a receiving track;
  - (b) At a simulcast facility;
  - (c) On telephone account wagering; or
  - (d) At a track participating as a receiving track or simulcast facility displaying simulcasts and conducting interstate wagering as permitted by KRS 230.3771 and 230.3773.

Money shall be deducted from the tax paid by host tracks and deposited to the respective development funds in the amount of three-quarters of one percent (0.75%) of the total live racing handle for thoroughbred racing and one percent (1%) of the total live handle for harness racing.

- (2) An excise tax is imposed on:
  - (a) All licensed tracks conducting telephone account wagering;
  - (b) All tracks participating as receiving tracks in intertrack wagering under the jurisdiction of the Kentucky Horse Racing Authority; and
  - (c) All tracks participating as receiving tracks displaying simulcasts and conducting interstate wagering thereon.
- (3) The tax imposed in subsection (2) of this section shall be in the amount of three percent (3%) of all money wagered under subsection (2) of this section during the fiscal year. A noncontiguous track facility approved by the Kentucky Horse Racing Authority on or after January 1, 1999, shall be exempt from the tax imposed under this subsection, if the facility is established and operated by a licensed track which has a total annual handle on live racing of two hundred fifty thousand dollars (\$250,000) or less. The amount of money exempted under this subsection shall be retained by the noncontiguous track facility, KRS 230.3771 and 230.378 notwithstanding.
- (4) An amount equal to two percent (2%) of the amount wagered shall be deducted from the tax imposed in subsection (2) of this section and deposited as follows:
  - (a) If the money is deducted from taxes imposed under subsection (2)(a) and (b) of this section, it shall be deposited in the thoroughbred development fund if the host track is conducting a thoroughbred race meeting or the Kentucky standardbred, quarter horse, Appaloosa, and Arabian development fund, if the host track is conducting a harness race meeting; or
  - (b) If the money is deducted from taxes imposed under subsection (2)(c) of this section, to the thoroughbred development fund if interstate wagering is conducted on a thoroughbred race meeting or to the Kentucky standardbred, quarter horse, Appaloosa, and Arabian development fund, if interstate wagering is being conducted on a harness race meeting.
- (5) Two-tenths of one percent (0.2%) of the total amount wagered on live racing in Kentucky shall be deducted from the pari-mutuel tax levied in subsection (1) of this section, and one-twentieth of one percent (0.05%) of the total amount wagered on intertrack wagering shall be deducted for the pari-mutuel tax levied in subsection (2) of this section, and allocated to the equine industry program trust and revolving fund to be used for funding the equine industry program at the University of Louisville.
- (6) One-tenth of one percent (0.1%) of the total amount wagered in Kentucky shall be deducted from the pari-mutuel tax levied in subsections (1), (2), and (3) of this section and deposited to a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subsection shall not replace other funds for capital purposes or operation of equine programs at state universities. The Kentucky Council on Postsecondary Education shall serve as the administrative agent and shall establish an advisory committee

of interested parties, including all universities with established equine programs, to evaluate proposals and make recommendations for the awarding of funds. The Kentucky Council on Postsecondary Education may by administrative regulation establish procedures for administering the program and criteria for evaluating and awarding grants.

Section 7. (1) There is hereby appropriated from the General Fund to the Department of Education \$96,000 in fiscal year 2005-2006 for debt service for \$2,000,000 in new bonding authority to support the construction and facility upgrade of the Letcher County Central Vocational Center.

(2) There is hereby appropriated from the General Fund to the Department of Education \$165,000 in fiscal year 2005-2006 for debt service for \$3,500,000 in new bonding authority to support facility maintenance and an upgrade to the Russell County Learning Center.

Section 8. There is hereby appropriated from the General Fund to the Education Cabinet \$72,000 in fiscal year 2005-2006 for debt service for \$1,500,000 in new bonding authority to support the facility upgrade of the Butler County Area Vocational Center.

Section 9. (1) There is hereby appropriated from the General fund to the Governor's Office for Local Development \$35,000 in fiscal year 2005-2006 for debt service for \$700,000 in new bonding authority to support the Louisville Science Center.

(2) There is hereby appropriated from the General fund to the Governor's Office for Local Development \$22,000 in fiscal year 2005-2006 for debt service for \$400,000 in new bonding authority to support the E.P. Tom Sawyer Park.

(3) There is hereby appropriated from the General fund to the Governor's Office for Local Development \$38,000 in fiscal year 2005-2006 for debt service for \$750,000 in new bonding authority to support the Louisville Zoo.

Section 10. The funds transfers provided for in 2005 House Bill 267, Part V, Funds Transfer, Section A. General Government, beginning with item 10., Accountancy, through item 42., Veterinary Examiners, and also provided for in 2005 House Joint Resolution 92, as reflected in Volume 1, pages 7 and 8 of the Conference Budget Report for House Bill 267/FCCR, shall not be made, but shall instead be retained by the entity from which the transfers were directed to be made for use as provided by law. For additional clarification, those funds transfers are reflected in 2005 House Bill 267/EN beginning on page 232, line 21, through page 235, line 6.

SECTION 11. A NEW SECTION OF KRS CHAPTER 424 IS CREATED TO READ AS FOLLOWS:

***Notwithstanding KRS 65.070, 83A.060, 91A.040, 160.463, 424.180, 424.190, 424.220, 424.230, 424.250, 424.260, 424.270, 424.330, any public agency required to advertise or publish notices or documents in a newspaper shall be charged the lowest rate generally charged for advertising by the newspaper.***

Section 12. Because Section 10 of this Act relates to provisions of the State/Executive Branch Budget Bill that would be effective prior to the regular effective date of legislation enacted by the 2005 General Assembly, an emergency is declared to exist, and the provisions of Section 10 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Section 13. The following KRS section is repealed:

136.186 Cabinet to certify valuation of watercraft to county clerks -- Filing of certification.

**Approved March 18, 2005.**