

CHAPTER 10

(HB 262)

AN ACT relating to property taxes and declaring an emergency.

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

➔Section 1. KRS 134.010 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

- (1) **"Certificate of delinquency" means a tax claim on real property for taxes that:**
 - (a) **Remains unpaid on April 15 under the regular collection schedule, or three (3) full months and fifteen (15) days from the date the taxes were due under an alternative collection schedule as determined under Section 2 of this Act; and**
 - (b) **Has been filed with the county clerk pursuant to Section 6 of this Act;**
- (2) **"Chief executive" means the elected head of the executive branch of government in a city or county;**
- (3) **"Commissioner" means the commissioner of the department;[revenue.]**
- (4) **"County" includes counties, urban-county governments, charter county governments, consolidated local governments, and unified local governments;**
- ~~(5)(2)~~ **"Department" means the Department of Revenue;[-]**
- (6) **"Governing body of a county" means the elected legislative body of a county;**
- (7) **"Omitted property" means property described in KRS 132.290;**
- ~~(8)(3)~~ **"Real property" includes all lands within this state and improvements thereon.**
- ~~(4)~~ **"Personal property" includes every species and character of property, tangible and intangible, other than real property;[-]**
- (9) **"Personal property certificate of delinquency" means a personal property tax claim that:**
 - (a) **Remains unpaid as of April 15 under the regular collection schedule or three (3) full months and fifteen (15) days from the date the taxes were due under an alternative collection schedule as determined under Section 2 of this Act; and**
 - (b) **Has been filed with the county clerk pursuant to Section 6 of this Act;**
- (10) (a) **"Property taxes" means the ad valorem taxes due the state, a county, a county school district, or other taxing district.**
 - (b) **"Property taxes" also includes any other ad valorem taxes imposed by a governmental entity that are included on the same property tax bill as the levies listed in paragraph (a) of this subsection and that the sheriff is responsible for collecting either through a statutory requirement or agreement with a taxing district;**
- (11) **"Real property" includes all lands within the state and improvements thereon;**
- ~~(12)(5)~~ **"Taxpayer" means the owner of property on the assessment date;[any person made liable by law to file a return or pay a tax.]**
- ~~(13)(6)~~ **"Tax claim" includes[-, in addition to] the taxes due on a tax bill, the penalties, costs, fees, interest, commissions, the lien provided in Section 18 of this Act[subsection (1) of KRS 134.420] and any other[- such items or] expenses that have become or are by reason of the delinquent tax bill proper legal charges imposed by this chapter against the delinquent taxpayer at any given time; and**
- (14) **"Third- party purchaser" means a purchaser of a certificate of delinquency.**
- ~~(7)~~ **"Uncollectible tax bill" means a tax bill of a delinquent who owns no real property and which has been returned to the fiscal court by the sheriff or collector because there is insufficient or no personal property to satisfy it, and which has been allowed and approved in the settlement with the court as uncollectible.**

~~(8) "Sheriff" includes any collector whose duty it is to receive or collect state, county or district taxes.]~~

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) *All property taxes are due and payable on or before December 31 of the assessment year except as otherwise provided by law. Payment shall be made to the sheriff as provided in Section 3 of this Act unless otherwise provided by law.*
- (2)
 - (a) *Any taxpayer who pays the property taxes in full by November 1 of the assessment year shall receive a two percent (2%) discount on the amount otherwise due.*
 - (b) *Taxes paid in full between November 2 and December 31 of the assessment year shall be paid at the amount reflected on the tax bill without discount or penalty.*
 - (c) *Taxes paid in full between January 1 and January 31 of the year following the assessment year shall be subject to a penalty of five percent (5%) of the taxes due and unpaid.*
 - (d) *Taxes paid after January 31 of the year following the assessment year shall be subject to a penalty of ten percent (10%) of the taxes due and unpaid.*
- (3) *If the regular collection schedule established by subsections (1) and (2) of this section is delayed, the department may establish an alternative collection schedule. Taxes shall be due two (2) full months from the date the tax bills are mailed. The alternative collection schedule shall allow a two percent (2%) discount for all tax bills paid in full within one (1) full month of the date the tax bills were mailed. Upon expiration of the discount period, the face amount reflected on the tax bill without discount or penalty shall be due for the next full month. Payments made within one (1) month following the face amount period shall be subject to a penalty of five percent (5%) of the taxes due and unpaid. Payments made after the five percent (5%) penalty period shall be subject to a penalty of ten percent (10%) of the taxes due and unpaid.*
- (4) *All taxes due under this section and all fees, penalties, and interest thereon are a personal debt of the taxpayer on the assessment date, from the time the tax becomes due until paid.*
- (5) *The lien that attaches to property on which taxes have become delinquent under Section 18 of this Act shall continue as provided in Section 18 of this Act, from the time the taxes become delinquent until the taxes are paid or the eleven (11) year period established by Section 18 of this Act expires, regardless of who owns the property.*
- (6) *A tax bill issued against omitted property, or an increase in valuation over that claimed by the taxpayer, as finally determined upon appeal as provided for in KRS 133.120, shall be due the day the bill is prepared and shall be considered delinquent on that date. If the tax bill is not paid within one (1) full month of the due date, an additional penalty of ten percent (10%) of the tax, fees, penalties, and interest due shall be added to the tax bill. The laws relating to delinquent taxes on the same class of property or taxpayers involved shall apply to delinquent omitted tax bills unless otherwise provided by law.*

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1)
 - (a) *The sheriff shall be the collector of all state, county, county school district, and other taxing district property taxes unless the payment is directed by law to be made to some other person. The sheriff may contract to collect taxes on behalf of cities, independent school districts, or any other governmental unit with the authority to levy a property tax, if the enabling legislation authorizing imposition of the tax permits the governmental unit to contract for the performance of tax collection duties.*
 - (b) *The provisions of this chapter relating to the collection of property taxes shall apply to other property tax collectors to the extent that the governing body of the city, school district, or taxing district appointing the tax collector has not adopted alternative tax collection processes and procedures.*
- (2) *Payment to the sheriff may be provided by any commercially acceptable means. The sheriff may limit the acceptable methods of payment to those that ensure that payment cannot be reversed or nullified due to insufficient funds.*
- (3)
 - (a) *The sheriff shall accept payment from the day on which the tax bills are mailed by the sheriff to the taxpayer as provided in KRS 133.220 and 133.230, through the day on which the sheriff files the uncollected tax claims with the county clerk pursuant to Section 6 of this Act. During this time period, the sheriff may accept full or partial payment for any outstanding taxes or tax claims.*

- (b) *All payments received by the sheriff shall be entered immediately by the sheriff on his or her books. Partial payments shall be credited against the total amount due and shall be apportioned by the sheriff among the entities included on the tax bill in the same proportion the amount due to each bears to the amount paid.*
 - (c) *The acceptance of any payment before the taxpayer's tax liability has been finally determined shall not imply that the payment was the correct amount due and shall not preclude the assessment and collection of additional taxes due or the refund of any part of the amount paid that is in excess of the amount determined to be due.*
 - (d) *The sheriff may accept payment of any tax or tax claim from any other person on behalf of the taxpayer. Any person making a payment on behalf of a taxpayer may, upon the written notarized request of the taxpayer, be treated as a transferee as provided in Section 5 of this Act.*
 - (e) *The sheriff may accept payment of any amount due on a delinquent tax claim from any of the persons described in subparagraphs 1., 2., and 3. of this paragraph without permission of the taxpayer. The person seeking to make the payment shall provide sufficient proof to the sheriff that he or she meets the requirements to pay under this paragraph. The sheriff shall be held harmless if he or she relies upon information provided and accepts payment from a person not qualified to pay under this paragraph. Any person listed in subparagraph 1., 2., or 3. of this paragraph who makes full payment, may, upon written request to the sheriff, be treated as a transferee under the provisions of Section 5 of this Act:*
 - 1. *Any person holding a legal or equitable estate in the real or personal property upon which the delinquent taxes are due, other than a person whose only interest in the property is a lien resulting from ownership of a prior year certificate of delinquency;*
 - 2. *A tenant or lawful occupant of real property, or a bailee or person in possession of any personal property upon which the delinquent taxes are due; or*
 - 3. *Any person having a mortgage on real property or a security interest in real or personal property upon which the delinquent taxes are due.*
- (4) *If, upon expiration of the five percent (5%) penalty period established by subsection (2)(c) of Section 2 of this Act, the real property tax delinquencies of a sheriff exceed fifteen percent (15%) of the amount charged to the sheriff for collection, the department may require the sheriff to make additional reasonable collection efforts. If the sheriff fails to initiate additional reasonable collection efforts within fifteen (15) business days following notification from the department that such efforts shall be made, the department may assume responsibility for collecting the delinquent taxes. If the department assumes the responsibility for collecting delinquent taxes, the department shall receive the amounts that would otherwise be paid to the sheriff as fees or commissions for the collection of tax bills.*
- (5) *In collecting delinquent taxes, the sheriff:*
- (a) *May distraint and sell personal property owned by a delinquent taxpayer in the amount necessary to satisfy the delinquent tax claim. The sale shall be made under execution for cash. If the personal property of the delinquent taxpayer within the county is not sufficient to satisfy the delinquent tax claim, the sheriff may sell so much of the personal property as is available; and*
 - (b) *Shall retain any amounts that come into his or her possession payable to a delinquent taxpayer, other than claims allowed for attendance as a witness, and shall apply such amounts to the amount due on the delinquent tax claim.*
- (6) (a) *As compensation for collecting property taxes the sheriff shall be paid the following amounts, regardless of whether the amounts are collected by the sheriff prior to filing the tax claims with the county clerk, or by the county clerk after the tax claims become certificates of delinquency or personal property certificates of delinquency:*
- 1. *From the Commonwealth the sheriff shall be paid four and one-quarter percent (4.25%) of the amount collected on behalf of the Commonwealth;*
 - 2. *From counties the sheriff shall be paid four and one-quarter percent (4.25%) of the amount collected on behalf of the counties;*

3. *The sheriff shall be compensated as provided by law or as negotiated if negotiation is permitted by law, for collecting taxes on behalf of any taxing district;*
 4. *The sheriff shall be compensated as provided in Section 64 of this Act for collecting school district taxes; and*
 5. *The sheriff shall be compensated as provided in KRS 91A.070 for collecting taxes on behalf of any city.*
- (b) *The sheriff shall include the amounts he or she is entitled to under the provisions of paragraph (a) of this subsection as part of the delinquent tax claims filed with the county clerk. The amount so included shall become a part of the certificate of delinquency, and shall be paid by the person paying the certificate of delinquency rather than the taxing jurisdiction for which the taxes were collected.*
- (7) *As additional compensation for the collection of delinquent taxes, the sheriff shall be entitled to an amount equal to ten percent (10%) of the total taxes due plus ten percent (10%) of the ten percent (10%) penalty for all delinquent taxes. This fee shall be added to the total amount due, and shall be paid by the person paying the tax claim if payment is made to the sheriff, or the certificate of delinquency or personal property certificate of delinquency if payment is made after the tax claim has been filed with the county clerk.*

➔Section 4. KRS 134.450 is amended to read as follows:

- (1) *Notwithstanding any other provision of KRS Chapter 134 to the contrary:*
- (a) *The provisions of subsection (4) of this section shall apply to the purchase and sale of delinquent tax claims and certificates of delinquency related to assessments made in calendar year 2008; and*
 - (b) *All provisions of KRS Chapter 134 not in conflict with the provisions of subsection (4) of this section shall continue to apply for assessments made in calendar year 2008.*
- (2) *Except as provided in subsection (4) of this section, the sheriff shall sell all tax claims for which payment by the delinquent taxpayer has not been made by the closing date for the acceptance by the sheriff of offers to purchase delinquent tax claims. If there is more than one (1) willing purchaser who has made an offer, the one having made the most recent purchase of a tax claim against the same delinquent or the same property shall have preference; if there is no such person, the person being the first, in the judgment of the sheriff, to offer to pay cash in the full amount of the tax claim shall receive priority for the purchase of the tax claim. If the total of all offers to purchase exceeds ten percent (10%) of the total dollar amount of the delinquent bills offered for sale, or the sum of two hundred thousand dollars (\$200,000), whichever is less, the sheriff shall notify the Finance and Administration Cabinet of the offers of purchase within five (5) business days of the closing date when the offers were received. Upon receipt of the notice, the Finance and Administration Cabinet shall purchase the delinquent tax bills upon which the sheriff has received an offer of purchase and shall tender payment to the sheriff within fifteen (15) business days of the receipt of the sheriff's notice. Upon purchase of the tax claims, the state shall be the owner of the tax bills and may contract with the county attorney to collect all amounts due on its behalf under the terms and conditions of the county attorney's contract with the Department of Revenue to collect delinquent taxes. If the county attorney has not contracted with the Department of Revenue to collect delinquent taxes, the Department of Revenue shall collect all amounts due on behalf of the Finance and Administration Cabinet. If the Finance and Administration Cabinet does not purchase all of the delinquent tax bills, within fifteen (15) days of the closing date, the sheriff shall complete the sale of those tax claims for which the sheriff has received responsible offers to purchase. When a sale is made the tax bill shall be known as a certificate of delinquency and the sheriff shall inscribe thereon the date of sale, the sale price, and the name and address of the purchaser, in the place and manner prescribed by the Department of Revenue, and the purchaser shall be entitled to a certified copy of the certificate of delinquency.*
- (3)~~(2)~~ *If no responsible offer in the amount of the tax claim is received, the sheriff shall purchase it for the state, county, and taxing districts having an interest in the tax claim. In such case, the tax bill shall also be known as a certificate of delinquency, and the sheriff shall inscribe thereon the same information required when one other than the state, county, or taxing district is the purchaser. ~~(3)~~The sheriff shall file all **delinquent tax claims**~~[certificates of delinquency]~~ in the county clerk's office immediately upon completion of the tax sale~~, or in a county containing a city of the first class or consolidated local government, within fourteen (14) working days of the sale], and the clerk shall retain them.~~*

- (4) (a) 1. *In a consolidated local government, the sheriff's sale required by subsection (2) of this section shall not be held, and the sheriff shall not purchase the bills on behalf of the taxing jurisdictions as required by subsection (3) of this section. Instead, within fourteen (14) working days of April 15, the sheriff shall file all delinquent tax claims in the county clerk's office.*
2. *In all other counties, the sheriff's sale required by subsection (3) of this section may be suspended upon approval of the governing body of the county and agreement of the county clerk and sheriff. The governing body of the county seeking to suspend the sheriff's sale shall adopt a resolution or an ordinance approving suspension of the sale upon certification from the county clerk and the sheriff that his or her office has the capacity to accommodate the suspension of the sale, and that the recordkeeping system for his or her office has or will be updated in sufficient time to address the additional reporting duties and requirements resulting from the suspension of the sale. Upon suspension of the sheriff's sale pursuant to this subparagraph, the chief executive of the county shall notify the department, and the sheriff shall, on April 15, or by the fifteenth day of the fourth month after the taxes become due under an alternative collection schedule, file all delinquent tax claims in the county clerk's office.*
- (b) *If the sheriff's sale is suspended under paragraph (a) of this subsection, the sheriff shall receive his or her compensation as provided in KRS 134.290, any compensation he or she is entitled to for the collection of school district taxes, and any amount he or she is entitled to for collecting taxes for any other taxing districts, as well as the additional compensation provided by KRS 134.430, whether the taxes are collected by the sheriff prior to the filing of the tax claims with the county clerk pursuant to this subsection or by the county clerk after the tax claims are filed and become certificates of delinquency. The amount due the sheriff on delinquent tax claims shall be included by the sheriff as part of the delinquent tax claims filed with the county clerk, shall become part of the certificate of delinquency, and shall be paid by the person paying the certificate of delinquency.*
- (c) *Upon filing with the county clerk, the tax claims shall become certificates of delinquency, and the department, rather than the sheriff, shall be responsible for the collection of taxes related thereto.*
- (d) 1. *The county clerk shall conduct a sale of the certificates of delinquency in accordance with guidance provided by the department. No person other than the delinquent taxpayer may pay a certificate of delinquency prior to the sale.*
2. *The guidance shall establish a fair process that allows all persons seeking to participate in the sale an equal opportunity to do so.*
3. *Preference in purchasing a certificate of delinquency shall be given to the holder of a certificate of delinquency from a prior year on the same property. If more than one (1) third party holds an outstanding certificate of delinquency from a prior year, the person holding the certificate of delinquency for the most recent tax year shall be given preference.*
- (e) *The county clerk, rather than the sheriff, shall advertise the sale as required by KRS 134.440 and shall receive for those services the compensation provided in KRS 134.440(2).*
- (5) The county clerk shall acknowledge receipt of the *delinquent tax claims* ~~certificates~~ by signing a receipt form that has been prepared in a manner prescribed by the department ~~of Revenue~~.
- (6) If the sheriff fails to file the *delinquent tax claims, the sheriff* ~~certificates, he~~ shall be liable on his *or her* official bond for the aggregate amount of the *delinquent tax claims not filed with the county clerk* ~~certificates not returned, but the claim of the purchaser shall not be affected by this neglect. If the sheriff fails to return any certificate, the purchaser may file his certified copy with the clerk, with the same effect as the original~~.
- (7) ~~(4)~~ The clerk shall make, execute, and deliver a certified copy of a certificate of delinquency to the payor, or the clerk may provide for a certified electronic register of the certificates of delinquency in the clerk's record in lieu of delivering a certified copy of the certificate of delinquency.
- (8) ~~(5)~~ The certificate of delinquency is assignable by endorsement. The clerk shall note the assignment on the certificate of delinquency or the clerk may provide for a certified electronic certificate of delinquency in the clerk's records in lieu of delivering a certified copy of the certificate of delinquency. An assignment when

noted on the record in the office of the county clerk vests in the assignee all rights and title of the original purchaser.

➔ SECTION 5. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) (a) *Upon receipt of a written request by a person who pays taxes on behalf of another to be treated as a transferee and verification that the request meets the requirements of subsection (3)(d) or (e) of Section 3 of this Act, the sheriff shall issue a certificate of transfer in accordance with the provisions of this section.*
- (b)
 1. *Any person making a request and having taxes paid on his or her behalf under this section; and*
 2. *The heirs and assigns of the person;*

shall be estopped from claiming any irregularity in the tax or any proceedings related to the tax prior to the time of transfer.
- (2) *The sheriff shall give a certificate of transfer to the person making the payment. The certificate of transfer shall specify the:*
 - (a) *Sheriff's name;*
 - (b) *County where the property is located;*
 - (c) *Address of the property;*
 - (d) *Amount paid;*
 - (e) *Name of the person making the payment;*
 - (f) *Account the payment was credited to; and*
 - (g) *Person in whose name the property is listed as of January 1.*
- (3) *A transferee shall be subrogated to the lien provided for in Section 18 of this Act, and shall have the same rights and powers of enforcing collection as provided in subsection (2) of Section 16 of this Act.*
- (4) *The holder of a certificate of transfer shall have the certificate of transfer required by subsection (2) of this section entered on the record of encumbrances on real estate of the county in which the certificate was issued. Failure to enter the certificate of transfer shall result in a loss of the lien upon the property, if the property is transferred in good faith and for valuable consideration before recording and without notice of the existence of the certificate of transfer. The county clerk may charge a fee pursuant to Section 56 of this Act for the recording and release of a certificate of transfer.*
- (5) *When a transferee has acquired a certificate of transfer that is for any reason invalid, the state, county, city, or taxing district that received payment shall reimburse the transferee by paying to him or her the amount of principal, interest, penalties, and costs expended by him or her in the purchase.*
- (6) (a) *Any person holding a lien upon property covered by a certificate of transfer may, at any time during the life of the certificate if there has been no sale of property for taxes, cancel the certificate by paying to the last recorded owner of the certificate of transfer, or to his or her order, the amount of the certificate and interest, at the tax interest rate established by KRS 131.183 from the date of the certificate.*
- (b) *If both real and personal property are covered by one (1) certificate of transfer, the holder of a lien on any item of the property may obtain a cancellation of the lien on the certificate of transfer against the property on which he or she has a lien by paying to the last recorded owner of the certificate of transfer, before a tax sale under a certificate of delinquency, the amount applicable to the personal property included in the tax referred to by the certificate of transfer, plus the pro rata part of the face value of the certificate of transfer applicable to the property on which release is desired, plus interest on the amount of the certificate of transfer at the tax interest rate established by KRS 131.183.*
- (c) *If two (2) or more items of property are included in one (1) certificate of transfer, the transferee may release any item or items. The release shall not affect the lien of the certificate of transfer on the*

remaining items, but shall be a release only to the extent of the amount of taxes applying to the parcel or parcels released.

- (d) *The provisions of law that apply to the rights of the owner of land sold for taxes by the state, county, city, or taxing district shall also apply to the owner's rights under sales of land made to satisfy a certificates of transfer, and the owner of the land or his or her heirs or assigns may redeem the property within the same length of time, and upon the same terms, as are provided by law for redeeming property sold for taxes.*

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) (a) *The sheriff shall, on April 15 or three (3) months and fifteen (15) days from the date the taxes were due under an alternative collection schedule, file all tax claims on real and personal property remaining in his or her possession with the county clerk, except that in a consolidated local government the sheriff shall have fourteen (14) working days from the required filing date to file the delinquent tax claims with the county clerk.*
- (b) *The content of the information provided by the sheriff to the county clerk shall be determined by the department through the promulgation of an administrative regulation.*
- (c) *The county clerk shall acknowledge receipt of the tax claims by providing the sheriff with a receipt in the format required by the department.*
- (d) *If the sheriff fails to file the tax claims as required by this subsection, the sheriff shall be liable on his or her bond for the aggregate amount of the tax claims not filed with the clerk.*
- (2) (a) *Upon filing with the county clerk, a real property tax claim shall become a certificate of delinquency and a personal property tax claim shall become a personal property certificate of delinquency, and the department, rather than the sheriff, shall be responsible for the collection of all amounts due in accordance with Section 12 of this Act.*
- (b) *Certificates of delinquency and personal property certificates of delinquency filed with the county clerk are owned by the taxing jurisdictions whose taxes are included as part of the certificate of delinquency or personal property certificate of delinquency.*
- (c) *The clerk shall accept payment for certificates of delinquency as provided in Sections 8 and 9 of this Act.*
- (d) *A certificate of delinquency or personal property certificate of delinquency shall include:*
1. *The face amount of the tax due;*
 2. *The ten percent (10%) penalty as provided in Section 2 of this Act;*
 3. *The sheriff's commission and the ten percent (10%) sheriff's add-on as provided in Section 3 of this Act; and*
 4. *Any advertising costs incurred by the county as provided in Section 3 of this Act.*
- (e) *The certificate of delinquency or personal property certificate of delinquency shall be prima facie evidence that:*
1. *The property represented by the certificate of delinquency or personal property certificate of delinquency was subject to the taxes levied thereon, and that the property was assessed as required by law;*
 2. *The tax claim was valid and correct in all respects; and*
 3. *The taxes were not paid any time before the establishment of the certificate of delinquency or personal property certificate of delinquency.*

➔SECTION 7. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) *A certificate of delinquency or personal property certificate of delinquency shall bear simple interest at twelve percent (12%) per annum calculated on the base amount established by subsection(2)(d) of Section 6 of this Act from the date it is established until paid. A fraction of a month shall be counted as an entire month.*

- (2) *If a certificate of delinquency is paid by a third-party purchaser, the amount paid by the third-party purchaser shall become the base amount upon which interest is calculated from the date of purchase until paid.*

➔SECTION 8. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) (a) *The county clerk shall receive and record payments for all certificates of delinquency and personal property certificates of delinquency filed by the sheriff pursuant to Section 6 of this Act.*
- (b) *The county clerk may accept payment by any commercially acceptable means. The county clerk may limit the acceptable methods of payment to those that ensure that the payment cannot be reversed or nullified due to insufficient funds.*
- (2) *The county clerk shall give a receipt to the person making payment.*
- (3) *The county clerk shall report by the tenth day of each month to the department, the county treasurer, the sheriff, and the proper officials of the taxing districts. The governing body of a county may require the county clerk to report and pay on a more frequent basis if necessary for bonding requirements; however, the county clerk shall not be required to report and pay more frequently than weekly.*
- (4) *The county clerk shall allocate payments among the various entities entitled to a portion of the payment. The county clerk shall, at the time he or she makes the reports required by subsection (3) of this section:*
- (a) *Pay to the department for deposit in the State Treasury all moneys received due the state;*
- (b) *Pay to the county treasurer all moneys received due the county;*
- (c) *Pay to the authorized officers of the taxing districts the amount due each taxing district; and*
- (d) *Pay the amount of fees, costs, commissions, and penalties to the persons, agencies, or parties entitled thereto.*
- (5) (a) *Upon full payment of a certificate of delinquency or personal property certificate of delinquency owned by the state, county, and taxing districts, the county clerk shall note on the certificate the name and address of the person making the payment, the amount paid, and any other information the department may require. The clerk shall mark the certificate of delinquency or personal property certificate of delinquency paid in full.*
- (b) *If payment in full is made by a person other than the person primarily liable on the certificate, the person making the payment may request that the payment be treated as an assignment. Upon such request, the county clerk shall:*
1. *Note the assignment on the certificate of delinquency or personal property certificate of delinquency;*
 2. *Record the encumbrance represented by the certificate of delinquency in the same manner as a notice of lis pendens; and*
 3. *Include as part of the encumbrance recording the information required by subsection (3)(c) of Section 15 of this Act.*
- For recording the assignment and encumbrance, the county clerk shall receive the fee provided in Section 56 of this Act.*
- (c) *If a person other than the person primarily liable on the certificate does not request the payment to be treated as an assignment, he or she shall be treated in the same manner as the person primarily liable on the certificate, and any payment made pursuant to this subsection shall not constitute an assignment of the certificate. The payor shall not be subrogated to the lien of the state, county, and taxing districts as provided in subsection (8) of this section, and shall not be considered a third-party purchaser under the provisions of this chapter, or a transferee under Section 5 of this Act.*
- (6) *After the initial recording of an assignment of a certificate of delinquency or personal property certificate of delinquency as provided in subsection (5)(b) of this section, all subsequent actions relating to that certificate of delinquency or personal property certificate of delinquency, including assignments and releases shall be made in accordance with the general laws and procedures governing land records, except*

the additional information required by subsection (3)(c) of Section 15 of this Act shall be included. The applicable fees established by Section 56 of this Act shall apply.

- (7) *A certificate of delinquency or personal property certificate of delinquency shall be assignable. Failure of an assignee to record the assignment shall render the claim of such person to any real estate represented thereby inferior to the rights of other bona fide purchasers, payors, or creditors.*
- (8) *Any person other than the person primarily liable on a certificate who:*
- (a) *Pays the certificate of delinquency in full, and who requests to the county clerk that the payment be treated as an assignment pursuant to subsection (5)(b) of this section; or*
 - (b) *Is the assignee of such a person, if the assignment has been recorded as required by this section or Section 9 of this Act;*

shall be subrogated to the lien priority of the state, county, and taxing districts as provided in Section 18 of this Act, and the amount due may be collectible as provided in subsection (2) of Section 16 of this Act.

- (9) *As compensation for collection of payments on certificates of delinquency, personal property certificates of delinquency, and other delinquent taxes, and the processing of delinquent property tax payments, the county clerk shall be paid ten percent (10%) of the amount due each taxing unit for each certificate of delinquency, personal property certificate of delinquency, or other delinquent tax claim. The fee shall be added to the amount of the tax claim and shall be paid by the person paying the tax claim.*

➔SECTION 9. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) (a) *The following persons may pay to the county clerk at any time the total amount due on a certificate of delinquency or personal property certificate of delinquency that is owned by the taxing jurisdictions and in the possession of the county clerk. It shall be the responsibility of the person seeking to pay the county clerk to provide sufficient proof to the county clerk that he or she meets the requirements to pay under this paragraph. The county clerk shall be held harmless if he or she relies upon information provided and accepts payment from a person not qualified to pay under this paragraph. The county clerk may also accept partial payments from these persons:*
- 1. *The person primarily liable on the certificate of delinquency or personal property certificate of delinquency, or a person paying on behalf of the person primarily liable on the certificate, provided that a person paying on behalf of the person primarily liable on the certificate under this paragraph shall, notwithstanding the provisions of subsection (5) of Section 8 of this Act, be treated in the same manner as the person primarily liable on the certificate and shall not be treated as an assignee or a transferee under the provisions of this chapter; and*
 - 2. *The following persons may pay a certificate of delinquency or personal property certificate of delinquency that relates to the specific property in which he or she has an interest, other than a person whose only interest in the property is an interest resulting from a prior year certificate of delinquency:*
 - a. *Any person having a legal or equitable estate in real property subject to a certificate of delinquency;*
 - b. *A tenant or lawful occupant of real property, or a bailee or person in possession of any personal property; or*
 - c. *Any person having a mortgage on real property or a security interest in real or personal property.*
- Upon full payment of a certificate of delinquency, under this subparagraph, the provisions of subsections (5), (6), (7), and (8) of Section 8 of this Act shall apply regarding the rights and interests of the person making the payment.*
- (b) *Any other person may pay the total amount due on a certificate of delinquency that is owned by the taxing jurisdictions and in the possession of the county clerk to the county clerk after ninety (90) days have passed from the filing of the tax claims with the county clerk in accordance with the provisions of Section 10 of this Act.*

- (c) 1. *Only the persons listed in paragraph (a) of this subsection may pay a personal property certificate of delinquency, or a certificate of delinquency on unmined coal, oil, or gas reserves, or any other mineral or energy resources that are assessed separately from the surface real property pursuant to KRS 132.820. Personal property certificates of delinquency and certificates of delinquency on unmined coal, oil, or gas reserves shall not be included in any sale conducted under Section 10 of this Act, and may not be purchased by any third party not specifically listed in paragraph (a) of this subsection.*
2. *A certificate of delinquency on property of a public service company that is centrally assessed, and that includes personal property and real property on the same certificate of delinquency, shall be treated for all purposes as a certificate of delinquency on real property.*
- (2) *The duties of the county clerk with regard to payment of a certificate of delinquency or personal property certificate of delinquency by a person other than the person primarily liable on the certificate, are set forth in subsections (5) and (6) of Section 8 of this Act.*
- (3) (a) *The delinquent taxpayer or any person having a legal or equitable estate in the property covered by a certificate of delinquency may, at any time, pay the total amount due to a third-party purchaser of a certificate of delinquency. The third-party purchaser may also accept payment from any other person at any time.*
- (b) *When full payment for a certificate of delinquency is made to a third-party purchaser, the third-party purchaser shall execute a release of the lien in accordance with the provisions of KRS 382.365. The remedies included in KRS 382.365 shall apply if the third-party purchaser fails to release the lien as provided in KRS 382.365.*
- (c) *Any person other than the person primarily liable on a certificate of delinquency who pays a certificate of delinquency to a third-party purchaser may, by paying a fee pursuant to Section 56 of this Act, have the county clerk record the payment, and the recordation shall constitute an assignment thereof, and the provisions of subsections (6) and (8) of Section 8 of this Act shall apply. Failure of an assignee to record the assignment shall render the claim of such person to any real estate represented thereby inferior to the rights of other bona fide purchasers, payors, or creditors.*
- (d) *If the third-party purchaser fails to release the lien in accordance with the provisions of KRS 382.365, or to surrender the certified copy of the certificate of delinquency to the person making full payment within thirty (30) days after payment has been tendered at the mailing address designated in the notice required by Section 15 of this Act or the mailing address of record in the county clerk's office if no notice has been provided as required by Section 15 of this Act, the person making the payment shall have all of the remedies provided in KRS 382.365.*
- (e) 1. *A person entitled to make payment under this section who is having difficulty locating the third-party purchaser of the certificate of delinquency to make payment may send a registered letter addressed to the third-party purchaser of record at the address reflected in the most recent notice received from the third-party purchaser pursuant to Section 15 of this Act, or if no notice has been received, at the address reflected in the records of the county clerk, indicating a desire to make payment. If the letter is returned by mail unclaimed, or if the third-party purchaser fails to respond in writing within thirty (30) days, the sender may take to the county clerk as proof of mailing the certified mail receipts stamped by the post office showing that the certified letter was mailed to the correct address and the date it was mailed. If the letter was returned, the sender shall also provide the returned letter to the clerk. The sender shall attest under oath that the letter was mailed to the correct address, and if the letter was not returned, the attestation shall also provide that the third-party purchaser did not respond in writing within thirty (30) days of the date the letter was mailed. The department shall develop attestation forms for distribution to the county clerks that include a notice that any false statement made in the attestation shall be punishable by law. The form shall be a public record under KRS 519.010(2), subject to KRS 519.060(1)(a). The clerks' taking of such testimony shall be an official proceeding under KRS 523.010(3).*
2. *Upon the acceptance of proof and attestation by the county clerk that the person has failed in his or her attempt to contact the third-party purchaser about making payment, the person may pay the full amount due as reflected in the records maintained by the county clerk plus*

applicable interest, and the county clerk shall make the necessary assignment or release of the certificate of delinquency.

3. *The county clerk shall deposit the money paid in an escrow account for this specific purpose in a bank having its deposits insured with the Federal Deposit Insurance Corporation. The name of the bank in which the money is deposited shall be noted on the certificate of delinquency. The county clerk may maintain one (1) escrow account for all deposits made pursuant to this subparagraph and shall maintain a record reflecting the amount due each owner of a certificate of delinquency.*
 4. *The county clerk may deduct the sum of twenty dollars (\$20) as a fee for such service.*
 5. *The county clerk shall mail a copy of the certificate of delinquency by regular mail to the third-party purchaser of record at the address on the certificate of delinquency.*
 6. *If any county clerk fails to pay to the person entitled thereto, upon written demand clearly identified as a demand for payment, the money received in payment of a certificate of delinquency, the county clerk and the county clerk's sureties shall be liable for the amount of the payment and twenty percent (20%) interest thereon annually from the fifteenth day after the time the county clerk received the written demand until paid.*
- (4) *Copies of the records provided for in this section and Section 8 of this Act, when certified by the county clerk, shall be evidence of the facts stated in them in all the courts of this state.*

➔SECTION 10. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) *The sale of certificates of delinquency by county clerks to persons other than those listed in paragraph (a) of subsection (1) of Section 9 of this Act shall be conducted in accordance with the provisions of this section.*
- (2) *The department shall promulgate administrative regulations to establish a process for the purchase and sale of certificates of delinquency to third parties. The process developed by the department shall:*
 - (a) *Establish an annual statewide schedule for the sale of certificates of delinquency in each county. The schedule shall be published on the department's web site at least ten (10) days prior to the first sale. The sale in each county shall be administered by the county clerk and shall be scheduled at least ninety (90) days but not more than one hundred thirty-five (135) days after the unpaid tax claims are filed by the sheriff with the county clerk. The department may stagger the schedule so that sales are conducted on different dates and times in different counties;*
 - (b) *Except as provided in paragraph (a) of subsection (1) of Section 9 of this Act, prohibit the payment of any newly filed certificates of delinquency by a third-party prior to the scheduled annual sale of certificates of delinquency for that year for that county;*
 - (c) *Prohibit the payment of any certificates of delinquency known to be involved in litigation or for which a payment plan has been agreed to by the taxpayer and the county attorney or the department, and on which the payment agreement is in good standing;*
 - (d) *Establish a process to be used by county clerks in determining the order in which interested third-party purchasers may select and pay available certificates of delinquency. The process shall, at a minimum:*
 1. *Be uniform in all counties to the extent practicable;*
 2. *Establish a process, if there is more than one (1) purchaser registered to purchase certificates of delinquency at the sale, that allows all interested purchasers an opportunity to purchase certificates of delinquency on an equitable basis. The sale shall not be structured in such a manner to allow one (1) third party to purchase all of the certificates of delinquency if there are other properly registered third parties that are also interested in purchasing certificates of delinquency;*
 3. *Establish fairness for all participants by prohibiting the participation of multiple related entities, or multiple individuals representing related interests as separate entities in the selection process. The department shall define "related entities" and "related interests" as part of the regulatory process; and*

4. *Allow any person holding a certificate of delinquency from a prior year to pay a certificate of delinquency on the same property for the current year. If more than one (1) third party holds an outstanding certificate of delinquency on a parcel of property, the person holding a certificate of delinquency from the most recent tax year shall be given preference.*
 - (e) *Require all potential participants in the sale to register at least one (1) week in advance with the county clerk;*
 - (f) *Require a review of the list of registered participants, either by the county clerk or the department, prior to the sale to ensure that:*
 1. *All registered participants seeking to pay multiple certificates of delinquency are properly registered with the department as required by Section 11 of this Act; and*
 2. *No registered participants or related entities or related interests prohibited from separate participation in the sale pursuant to the provisions of paragraph (d)2. of this subsection and the administrative regulations promulgated thereunder;*
 - (g) *Establish advance deposit requirements for registered participants based upon the maximum amount the registered participant may pay for desired certificates of delinquency;*
 - (h) *Establish a registration fee to be paid to the clerk upon registration for a sale. The registration fee paid to each county shall not exceed two hundred fifty dollars (\$250) and may be tiered;*
 - (i) *Establish payment requirements, which may include nullification of the payment and forfeiture of the advance deposit if a third-party purchaser fails to produce full payment within the specified time; and*
 - (j) *Establish payment methods.*
- (3) *Any person who, in any calendar year:*
 - (a) *Pays or plans to pay five (5) or more certificates of delinquency statewide;*
 - (b) *Pays or plans to pay three (3) or more certificates of delinquency in any county; or*
 - (c) *Invests or plans to invest more than ten thousand dollars (\$10,000) in the payment of certificates of delinquency on a statewide basis in any calendar year;*

shall register with the department annually as provided in Section 11 of this Act.
- (4) *The department shall be responsible for monitoring the sale of certificates of delinquency.*
- (5)
 - (a) *At least thirty (30) but not more than forty-five (45) days before the scheduled sale date, the county clerk shall cause a notice to be published in accordance with the provisions of KRS Chapter 424. The notice shall list by property owner, property address, and if available, parcel number or lot number, all certificates of delinquency available for sale. The notice shall provide the date, time, and location of the sale.*
 - (b) *As compensation for advertising the sale, the county clerk shall receive five dollars (\$5) for each certificate of delinquency advertised. The fee shall be added to the amount of the certificate of delinquency and shall be paid by the person paying the certificate of delinquency.*
 - (c) *The cost of placing the advertisement shall be paid by the county. The cost shall be added to the amount of the certificate of delinquency and shall be paid by the person paying the certificate of delinquency. The department shall establish a formula that may be used by counties in allocating the advertising costs among the delinquent tax claims. The formula shall take into account that a percentage of delinquent tax claims remains unpaid.*
- (6) *Any certificate of delinquency not paid at the annual sale, not subject to a payment plan with the department or county attorney, not known to be in litigation, and not related to unmined coal, oil, and gas reserves may be paid to the county clerk at any time by any person after the sale, provided that any person required by the provisions of Section 11 of this Act to register with the department shall hold a current certificate of registration at the time of purchase.*

➔SECTION 11. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) *Any person who, in any calendar year:*
- (a) *Pays or plans to pay directly, indirectly, or through another or others, five (5) or more certificates of delinquency statewide;*
 - (b) *Pays or plans to pay directly, indirectly, or through another or others, three (3) or more certificates of delinquency in any county; or*
 - (c) *Invests or plans to invest directly, indirectly, or through another or others, more than ten thousand dollars (\$10,000) in the payment of certificates of delinquency on a statewide basis in any calendar year;*

shall register with the department annually.

- (2) *The person shall hold a certificate of registration from the department prior to the payment of any certificate of delinquency that results in the person owning more than five (5) certificates of delinquency statewide, more than three (3) certificates of delinquency in any county, or investing more than ten thousand dollars (\$10,000) in the payment of certificates of delinquency statewide in a calendar year.*
- (3) *The department shall promulgate administrative regulations to establish registration requirements and an application process, which may include the imposition of an administrative fee to offset the cost of processing and reviewing the application.*
- (4) *As part of the application process, the department may require that the applicant and any of its directors, officers, members, and managers:*
 - (a) *Are current and in good standing on all taxes owed to the Commonwealth;*
 - (b) *Are in good standing with regard to operations under a previously issued certificate of registration;*
 - (c) *Have not previously operated without obtaining a certificate of registration under this section under circumstances where he or she should have registered; and*
 - (d) *Have a satisfactory record with the Office of Consumer Protection within the Office of the Attorney General. What constitutes a satisfactory record shall be determined by the department through the promulgation of an administrative regulation.*

Any applicant failing to meet one (1) or more of these requirements may be denied a certificate of registration.

- (5) (a) *The department may decline to issue a certificate of registration to any applicant who does not meet the requirements established by this chapter and the administrative regulations promulgated thereunder.*
- (b) *The department may suspend or revoke a certificate of registration if the person holding the certificate violates the provisions of this chapter or the administrative regulations promulgated thereunder.*

➔SECTION 12. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) *The department shall be responsible for the collection of certificates of delinquency and personal property certificates of delinquency. The provisions of this section relating to certificates of delinquency shall also apply to personal property certificates of delinquency unless otherwise specifically noted. The department shall offer the collection duties related to certificates of delinquency and personal property certificates of delinquency to the county attorney in each county, unless the department determines that a county attorney has previously failed to perform collection duties in a reasonable and acceptable manner.*
- (2) *Any county attorney desiring to perform the collection duties shall enter into a contract with the department on an annual basis.*
- (3) *The terms of the contract shall specify the duties to be undertaken by the county attorney, which shall include, at a minimum, the duties set forth in subsection (4) of this section. The terms of the contract shall also provide that, if the county attorney fails to perform the duties required by the contract during the contract period, the department may assume all collection responsibilities.*

- (4) *The following duties shall be performed by the department or the county attorney, as the case may be, with regard to each certificate of delinquency:*
- (a) *Within thirty (30) days after the establishment of a certificate of delinquency, the county attorney or the department shall mail a notice by regular mail to the owner of record on the assessment date at the address on the records of the property valuation administrator, or to the in-care-of address if an in-care-of address is provided as required by subsection (5) of this section. The notice shall:*
1. *Include the name, address, and telephone number of a contact person in the county attorney's office or the department, as the case may be;*
 2. *Advise that:*
 - a. *The certificate of delinquency is a lien of record against the property on which the taxes are due;*
 - b. *The amounts due are a personal obligation of the taxpayer on the assessment date; and*
 - c. *The certificate bears interest at the rate of twelve percent (12%) and, if not paid, will be subject to collection by the county attorney or the department as provided by law;*
 3. *Include the total amount due as of the date of the notice;*
 4. *Advise that anytime after ninety (90) days from the creation of the certificate of delinquency, the certificate of delinquency may be paid by a third-party purchaser and, that if so paid, the certificate of delinquency will be subject to collection by the third-party purchaser as provided by law. The notice shall also advise that a third-party purchaser may impose substantial additional administrative costs and fees associated with collection in addition to the amount due on the certificate of delinquency. This provision shall not be included in notices sent for personal property certificates of delinquency, or certificates of delinquency on unmined coal, oil or gas reserves, or any other mineral or energy resources that are assessed separately from the surface real property pursuant to KRS 132.820; and*
 5. *Advise that the taxpayer may qualify for a payment plan with the county attorney or the department, if the taxpayer meets the requirements established by the county attorney or the department, and if terms are agreed to prior to the date of the sale.*
- (b) *The county attorney or the department shall file in the office of the county clerk a list of the names and addresses to which the thirty (30) day notice was mailed along with a certificate attesting that the notices were mailed in accordance with the requirements of this section.*
- (c) *1. All thirty (30) day notices returned as undeliverable shall be submitted by the county attorney or department to the property valuation administrator, and a list of the returned notices shall be filed with the county clerk, who shall record the list in the order book of the county.*
2. *The property valuation administrator shall attempt to correct inadequate or erroneous addresses and, if property has been transferred, shall determine the new owner, current mailing address, and in-care-of address, if, any, as provided in KRS 382.135.*
 3. *The property valuation administrator shall return the notices with the corrected information to the county attorney or the department within twenty (20) days of receipt.*
 4. *Upon receipt of the new information from the property valuation administrator, the county attorney or the department shall resend the notice required by paragraph (a) of this subsection using the updated information.*
- (d) *1. Within sixty (60) days of the establishment of a certificate of delinquency, the county attorney or department shall send a second notice, by regular mail, to owners of record whose tax bills remain delinquent, or to the in-care-of addresses or corrected address, if information regarding a new property owner has been received by the county attorney or the department under the provisions of paragraph (c) of this subsection. The notice shall include, at a minimum, the following information:*
- a. *The name, address, and telephone number of a contact person in the county attorney's office or the department, as the case may be;*

- (b) *If payment in full is voluntarily made by the taxpayer to the county attorney or county clerk within five (5) days of the filing of the tax claim with the county clerk, the county attorney fee shall be waived.*
- (c) *If a county attorney files a court action or files a cross-claim, the county attorney shall be paid an additional fee of thirteen percent (13%) of the amount of the certificate of delinquency and shall be reimbursed for costs incident to the court action. The additional fee and costs incident to the litigation shall be added to the certificate of delinquency and shall be paid by the person paying the certificate of delinquency.*
- (d) *If more than one (1) county attorney renders necessary services to collect on a certificate of delinquency, the county attorney serving the last notice or rendering the last substantial service preceding collection shall be entitled to the fee.*
- (8) (a) *The county attorney shall establish a system to accept installment payments from delinquent taxpayers. The county attorney may, during the contract period, enter into an agreement with a delinquent taxpayer to accept installment payments on the certificates of delinquency. The agreement shall not waive the county attorney's right to initiate court action or other authorized collection activities if the taxpayer does not make payments in accordance with the agreement.*
- (b) *The county attorney may, upon written request of the taxpayer for good cause and with agreement of the affected taxing jurisdiction or fee recipient, waive or reduce fees and penalties that are part of a certificate of delinquency during settlement or negotiation with a taxpayer in accordance with guidance provided by the department.*
- (9) *Any action by the county attorney authorized by this chapter shall be filed on relation of the commissioner. A copy of any judgment obtained by the county attorney shall be sent to the department.*
- (10) *The county attorney shall notify the county clerk and the department of the filing of a suit at the time the suit is filed and of payment agreements at the time such agreements are entered into. The county clerk shall note on the certificate of delinquency the filing of the lawsuit or the existence of the payment agreement, and these certificates of delinquency shall not be available for purchase or payment by a third-party purchaser. The county attorney shall notify the county clerk of the failure of any payment agreement and, upon notification to the clerk, the certificate of delinquency shall be available for purchase.*
- (11) *The department may make its delinquent tax collection databases and other technical resources, including but not limited to tax refund offsetting, available to the county attorney upon request from the county attorney. The county attorney seeking assistance shall enter into any agreements required by the department to protect taxpayer confidentiality, to ensure database integrity, or to address the concerns of the department.*
- (12) (a) *If a county attorney chooses not to contract for collection duties, or if a county attorney fails to perform the duties required by the contract, the department shall assume responsibility for all uncollected certificates of delinquency and personal property certificates of delinquency, including, at the option of the department, those with pending court action or for which the county attorney has entered into an installment payment agreement.*
- (b) *If the department assumes or retains responsibility for the collection of certificates of delinquency and personal property certificates of delinquency, the twenty percent (20%) fee that would have been paid to the county attorney under subsection (8) of this section, and any other fees or costs established by this section for the county attorney shall be paid to the department for deposit in the delinquent tax fund provided for under Section 26 of this Act.*

➔Section 13. KRS 134.545 is amended to read as follows:

Moneys paid to the county attorney under *an agreement entered into pursuant to Section 12 of this Act* ~~{KRS 132.350, 134.340, 134.400, 134.500, 134.540 and 135.040}~~ shall be used only for payment of county attorney office operating expenses.

➔Section 14. KRS 134.452 is amended to read as follows:

~~{(4)}~~ Notwithstanding any other provisions of this chapter, a *third-party* ~~{private}~~ purchaser of a certificate of delinquency shall be entitled to collect only the following:

- (1)~~(a)~~ The amount actually paid ~~for~~~~to purchase~~ the certificate of delinquency;
- (2)~~(b)~~ Interest *as provided in Section 7 of this Act, calculated on the amount actually paid to the county clerk from*~~accrued subsequent to~~ the date the certificate of delinquency was purchased *until paid; and*~~as provided in KRS 134.500;~~
- (3)~~(c)~~ Attorneys' fees as provided in this *subsection*~~paragraph~~.
- (a)~~1.~~ Attorneys' fees incurred for collection efforts prior to litigation as follows:
- 1.~~a.~~ If the amount paid for a certificate of delinquency is between five dollars (\$5) and three hundred fifty dollars (\$350), actual reasonable fees incurred up to one hundred percent (100%) of the amount of the certificate of delinquency, not to exceed three hundred fifty dollars (\$350);
 - 2.~~b.~~ If the amount paid for a certificate of delinquency is between three hundred fifty-one dollars (\$351) and seven hundred dollars (\$700), actual reasonable fees incurred up to eighty percent (80%) of the amount of the certificate of delinquency, not to exceed five hundred sixty dollars (\$560); and
 - 3.~~c.~~ If the amount paid for a certificate of delinquency is above seven hundred one dollars (\$701), actual reasonable fees incurred up to seventy percent (70%) of the amount of the certificate of delinquency, not to exceed seven hundred dollars (\$700).
- (b)~~2.~~ If a *third-party*~~private~~ purchaser is the owner of more than one (1) certificate of delinquency against the same taxpayer, actual and reasonable prelitigation attorneys' fees for all certificates of delinquency against the same taxpayer shall not exceed one and one-half (1.5) times the maximum amount permitted in ~~subparagraph 1. of this~~ paragraph (a) *of this subsection* for the largest tax bill owed by the taxpayer.
- (c)~~3.~~ In addition to the prelitigation attorneys' fees established by *paragraphs (a) and (b) of this subsection*~~subparagraphs 1. and 2. of this paragraph~~, a *third-party*~~private~~ purchaser may collect actual, reasonable attorneys' fees and costs that arise due to the prosecution of collection remedies or the protection of a certificate of delinquency that is involved in litigation; and
- (4)~~(d)~~ Administrative fees incurred for preparing, recording, and releasing an assignment of the certificate of delinquency in the county clerk's office, not to exceed one hundred dollars (\$100).
- (5) *A certificate of delinquency owned by a third-party purchaser shall be deemed a general intangible for the purposes of Article 9 of KRS Chapter 355.*
- ~~(2) A private purchaser holding a certificate of delinquency on June 26, 2007, shall, regardless of when that certificate of delinquency was purchased, send to the property owner by January 31, 2008, at the address reflected in the records maintained by the property valuation administrator, the following information:~~
- ~~(a) The legal name of the purchaser;~~
 - ~~(b) The purchaser's physical address;~~
 - ~~(c) The purchaser's mailing address for payments, if different from the physical address; and~~
 - ~~(d) The purchaser's telephone number.~~
- ~~(3) The provisions of KRS 132.490(1)(b), relating to notice if contact information changes, shall apply to all private purchasers of certificates of delinquency regardless of when the certificate of delinquency was purchased.~~
- ~~(4) Within ninety (90) days after the expiration of the one (1) year tolling period provided in KRS 134.470, the private purchaser shall send to the taxpayer by first class mail, with proof of mailing, a notice informing the taxpayer that the certificate of delinquency may be enforced as provided in KRS 134.490(2). The notices shall be sent to the address reflected in the records maintained by the property valuation administrator. The notice shall also include the contact information required by KRS 134.490(1)(b).~~
- ~~(5) Within thirty (30) days but at least fifteen (15) days prior to initiating any of the collection remedies enumerated in KRS 134.490(2), the private purchaser shall send to the taxpayer by first class mail, with proof of mailing, a notice informing the taxpayer that enforcement actions will be taken. The notices shall be sent to~~

~~the address reflected in the records maintained by the property valuation administrator. The notice shall also include the contact information required by KRS 134.490(1)(b).~~

➔ Section 15. KRS 134.490 is amended to read as follows:

- (1) Within fifty (50) days after the ~~delivery~~~~[issuance]~~ of a certificate of delinquency *by the clerk to a third-party purchaser, the third-party*~~[private purchaser, the private]~~ purchaser shall *send to the delinquent taxpayer by first-class mail with proof of mailing, a notice informing the delinquent taxpayer that the certificate of delinquency has been purchased by the third-party purchaser. The notice shall include the information required by subsection (3) of this section.*
- (2) *Anytime after the expiration of the one (1) year tolling period established by Section 16 of this Act, the third-party purchaser may institute an action to collect the amount due on a certificate of delinquency. At least forty-five (45) days before instituting a legal action, the third-party purchaser shall send to the taxpayer by first-class mail with proof of mailing, a notice informing the taxpayer that enforcement action will be taken. This notice shall also include the information required by subsection (3) of this section.*
- (3) (a)
 1. *Third-party purchasers or their designees shall obtain from the office of the property valuation administrator of the county in which the real property is located the most recent address for the property owner.*
 2. *To obtain information from the office of the property valuation administrator, the third-party purchaser shall submit a list of addresses, map identification numbers, or parcel numbers for which updated information is requested to the property valuation administrator, who shall:*
 - a. *Update his or her records with regard to the properties for which information is requested; and*
 - b. *Provide the updated information to the third-party purchaser within ten (10) days.*
 3. *For this service, the property valuation administrator may charge a fee not to exceed two dollars (\$2) for each address provided.*
 4. *Except as provided in subparagraph 5. of this paragraph, the third-party purchaser shall send the notices required by subsections (1) and (2) of this section to the address provided by the property valuation administrator.*
 5. *If, due to insufficient staffing, the property valuation administrator is unable to provide the requested information to the third-party purchaser within ten (10) days of submission, the property valuation administrator shall immediately notify the third-party purchaser, and the third-party purchaser may send the notices required by subsections (1) and (2) of this section to the address reflected in the public records of the property valuation administrator.*
 6. *Any notices sent pursuant to subsections (1) and (2) of this section that are returned as undeliverable shall be re-sent by first class mail with proof of mailing addressed to "Occupant" at the address of the property that is the subject of the certificate of delinquency. These notices shall be sent within ten (10) days of receipt of the returned notice.*
 7. *The third-party purchaser shall maintain complete and accurate records of all notices sent pursuant to this section.*
- (b) *The notices required by this section shall include the following information*~~[give the same notice as required of a county attorney in KRS 134.500(3)].~~
 - (a) ~~The notice shall advise the owner that:~~
 1. *A statement that the certificate of delinquency is a lien of record against the*~~[all]~~ *property for which delinquent taxes are owed*~~[of the owner];~~
 2. *A statement that the certificate bears interest at the rate provided in Section 7 of this Act;*~~[KRS 134.500; and]~~
 3. *A statement that if the certificate is not paid, it will be subject to collection as provided by law. The notice required by subsection (2) of this section shall also include a statement of the intent to institute legal action to collect the amount due;*

4. *A complete listing of the amount due, as of the date of the notice, broken down as follows:*
 - a. *The purchase price of the certificate of delinquency;*
 - b. *Interest accrued subsequent to the purchase of the certificate of delinquency; and*
 - c. *Fees imposed by the third-party purchaser; and*
5. *Information, in a format and with content as determined by the department, detailing the provisions of the law relating to third-party purchaser fees and charges.*

~~(c){(b)}~~ In addition, the notice shall provide the following information to the taxpayer:

1. The legal name of the *third-party* purchaser;
2. The *third-party* purchaser's physical address;
3. The *third-party* purchaser's mailing address for payments, if different from the physical address; and
4. The *third-party* purchaser's telephone number.

If the information required by this paragraph changes, the *third-party* purchaser shall, *within thirty (30) days of the change becoming effective*, send a notice to ~~each{the}~~ taxpayer by *first-class mail with proof of mailing*~~{registered mail}~~ with the corrected information. *The third-party purchaser shall also update contact information included in the records of the county clerk within ten (10) days of the change becoming effective.* Failure to send the original notice or any correction notices shall result in the suspension of the accrual of all interest and any fees incurred by the *third-party* purchaser after that date until proper notice is given as required by this subsection.

- (4) *If a person entitled to pay a certificate of delinquency to a third-party purchaser makes payment on the certificate of delinquency to the county clerk under the conditions described in subsection (3)(d) of Section 9 of this Act, the payment shall constitute payment in full, and no other amounts may be collected by the third-party purchaser from the person.*
- (5) *A third-party purchaser may offer an installment payment plan to a taxpayer under the terms and conditions established by the department in an administrative regulation.*

~~{(2)}~~ If a private person is the owner of a certificate of delinquency, the private purchaser may, after the expiration of the one (1) year period provided in KRS 134.470:

- ~~(a)~~ Institute an action against the delinquent taxpayer to collect the amount of the certificate, and any other certificates subsequently issued to the same owner against the same delinquent, and shall have all the remedies available for the enforcement of a debt; or
- ~~(b)~~ Institute an action to enforce the lien provided in subsection (1) of KRS 134.420, represented by the certificate that is more than one (1) year of age, and those certificates subsequently held by the same owner against the same delinquent or property; or
- ~~(c)~~ Institute one (1) action including both types of actions mentioned in paragraphs (a) and (b) of this subsection, and the joinder of actions shall not be defeated if the delinquent taxpayer has disposed of any property covered by the lien, but the purchaser of the property shall be made a defendant if the judgment is to affect his interest in the property, and as between them the delinquent taxpayer shall be responsible.

~~(3)~~ If the state, county, or a taxing district is the owner of a certificate of delinquency, it shall have, after the expiration of the one (1) year period provided in KRS 134.470, in addition to the remedies mentioned in subsection (2) of this section, the right to distraint and sell any property owned by the delinquent, including that on which the lien provided in subsection (1) of KRS 134.420 has attached. Any property sold under distraint proceedings shall be sold in the same manner as provided in KRS 134.430 and 134.440, except that the exercise of the power shall be vested in the county attorney.

~~(4)~~ If property is sold pursuant to a judgment of foreclosure, it shall be appraised pursuant to the provisions of KRS 426.520 and there shall be a right of redemption as provided in KRS 426.530. If there is no purchaser at a foreclosure sale, the master commissioner shall make a deed to the person or persons shown by record to be the

~~owner of the certificate or certificates of delinquency, and they shall have a pro rata interest in accordance with the amount of their respective certificates.]~~

➔SECTION 16. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) *Any action to collect any amount due on a certificate of delinquency or personal property certificate of delinquency may be brought at any time after the passage of one (1) year from the date the taxes became delinquent, and shall be brought within eleven (11) years of the date when the taxes became delinquent.*
- (2) *A third-party purchaser may:*
 - (a) *Institute an action against the delinquent taxpayer to collect the amount of the certificate of delinquency and any other certificates of delinquency subsequently issued to the same third-party purchaser against the same delinquent, and shall have all the remedies available for the enforcement of a debt;*
 - (b) *Institute an action to enforce the lien provided in Section 18 of this Act, represented by the certificate of delinquency and those certificates subsequently held by the same third-party purchaser against the same delinquent or property; or*
 - (c) *Institute one (1) action including both types of actions mentioned in paragraphs (a) and (b) of this subsection, and the joinder of actions shall not be defeated if the delinquent taxpayer has disposed of any property covered by the lien, but the purchaser of the property shall be made a defendant if the judgment is to affect his or her interest in the property, and as between them the delinquent taxpayer shall be responsible.*
- (3) *If the state, county, or a taxing district is the owner of a certificate of delinquency or personal property certificate of delinquency, it shall have, in addition to the remedies provided in subsection (1) of this section, the right to distrain and sell any property owned by the delinquent taxpayer, including that on which the lien provided in Section 18 of this Act has attached. Any property sold under distraint proceedings shall be sold in the same manner as provided in Section 32 of this Act, except that the exercise of the power shall be vested in the county attorney.*
- (4) *Any property while owned by a delinquent taxpayer shall be subject to foreclosure or execution in satisfaction of a judgment pursuant to an action in rem or an action in personam, or both, to enforce the obligation.*
- (5) *If property is sold pursuant to a judgment of foreclosure, it shall be appraised pursuant to the provisions of KRS 426.520, and there shall be a right of redemption as provided in KRS 426.530. If there is no purchaser at a foreclosure sale, the master commissioner shall make a deed to the person or persons shown by record to be the owner of the certificate or certificates of delinquency, and that person or persons shall have a pro rata interest in accordance with the amount of their respective certificates.*

➔SECTION 17. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) *When real property is owned by two (2) or more persons and had been assessed as one (1) tract, and one (1) owner does not pay his or her share of the taxes due, the taxes owed by the owner failing to pay may be paid by any other owner. Any owner who pays the amount due by another owner under this section shall have a lien on the delinquent taxpayer's portion of the real property for the amount paid and may file suit to recover the amount paid.*
- (2)
 - (a) *Whenever one (1) tax claim or certificate of delinquency exists on land which is divided both as to ownership and area into two (2) or more tracts, any person or persons owning any of the tracts may, upon ten (10) days' notice given to the owners of the other tracts, make application to the county attorney and to the property valuation administrator of the county for an apportionment of the assessment.*
 - (b) *The property valuation administrator of the county may make an apportionment of the amount of the encumbrance among the owners of each tract according to the value of their respective interests as shown by the proof introduced by them.*
 - (c) *Any owner of a tract for which the tax claim or certificate of delinquency was apportioned may have the encumbrance on his or her property released by paying to the sheriff his or her pro rata share of*

the tax claim or to the county clerk his or her pro rata share of the certificate of delinquency as ascertained by the decision of apportionment.

- (d) *The determination of the property valuation administrator of the county shall be final unless an appeal therefrom to the Circuit Court is prosecuted within sixty (60) days from the issuance of the decision.*

➔Section 18. KRS 134.420 is amended to read as follows:

- (1) ~~{(a)}~~ The state and each county, city, or other taxing district shall have a lien on the property assessed for taxes due them respectively for *eleven (11)*~~{ten (10)}~~ years following the date when the taxes become delinquent~~{, and also on any real property owned by a delinquent taxpayer at the date when the sheriff offers the tax claims for sale as provided in KRS 134.430 and 134.440}.~~
 - (2)~~{(b)}~~ This lien shall not be defeated by gift, devise, sale, alienation, or any means except by sale to a bona fide purchaser, but no purchase of property made before final settlement for taxes for a particular assessment date has been made by the sheriff shall preclude the lien covering the taxes.
 - (3)~~{(c)}~~ The lien shall include all interest, penalties, fees, commissions, charges, costs, attorney fees, and other expenses as provided by this chapter that have been incurred by reason of delinquency in payment of the tax *claim*~~{bill or}~~ certificate of delinquency, *personal property certificate of delinquency*, or in the process of collecting *any of them*~~{either}~~, and shall have priority over any other obligation or liability for which the property is liable.
 - (4)~~{(d)}~~ The lien of any city, county, or other taxing district shall be of equal rank with that of the state.
 - (5)~~{(e)}~~ When any proceeding is instituted to enforce the lien provided in this subsection, it shall continue in force until the matter is judicially terminated.
 - (6)~~{(f)}~~ Every city of the third, fourth, fifth, and sixth class shall file notice of the delinquent tax liens with the county clerk of any county or counties in which the taxpayer's business or residence is located, or in any county in which the taxpayer has an interest in property. The notice shall be recorded in the same manner as notices of lis pendens are filed, and the file shall be designated miscellaneous state and city delinquent and unpaid tax liens.
- ~~{(2) If any person liable to pay any tax administered by the Department of Revenue, other than a tax subject to the provisions of subsection (1) of this section, neglects or refuses to pay the tax after demand, the tax due together with all penalties, interest, and other costs applicable provided by law shall be a lien in favor of the Commonwealth of Kentucky. The lien shall attach to all property and rights to property owned or subsequently acquired by the person neglecting or refusing to pay the tax.~~
 - ~~{(3) The lien imposed by subsection (2) of this section shall remain in force for ten (10) years from the date the notice of tax lien has been filed by the commissioner of the Department of Revenue, or his delegate with the county clerk of any county or counties in which the taxpayer's business or residence is located, or any county in which the taxpayer has an interest in property.~~
 - ~~{(4) The tax lien imposed by subsection (2) of this section shall not be valid as against any purchaser, judgment lien creditor, or holder of a security interest or mechanic's lien until notice of the tax lien has been filed by the commissioner of the Department of Revenue or his delegate with the county clerk of any county or counties in which the taxpayer's business or residence is located, or in any county in which the taxpayer has an interest in property. The recording of the tax lien shall constitute notice of both the original assessment and all subsequent assessments of liability against the same taxpayer. Upon request, the Department of Revenue shall disclose the specific amount of liability at a given date to any interested party legally entitled to the information.~~
 - ~~{(5) Even though notice of a tax lien has been filed as provided by subsection (4) of this section, and notwithstanding the provisions of KRS 382.520, the tax lien imposed by subsection (2) of this section shall not be valid with respect to a security interest which came into existence after tax lien filing by reason of disbursements made within forty five (45) days after the date of tax lien filing or the date the person making the disbursements had actual notice or knowledge of tax lien filing, whichever is earlier, provided the security interest:~~
 - ~~{(a) Is in property which:~~

1. ~~At the time of tax lien filing is subject to the tax lien imposed by subsection (2) of this section; and~~
2. ~~Is covered by the terms of a written agreement entered into before tax lien filing; and~~
- (b) ~~Is protected under local law against a judgment lien arising, as of the time of tax lien filing, out of an unsecured obligation.~~

➔ Section 19. KRS 134.140 is amended to read as follows:

- (1) ~~The sheriff, by virtue of his office, shall be collector of all state, county, consolidated local government, and district taxes, unless the payment thereof is, by law, especially directed to be made to some other officer. Where provision is not otherwise made for the collection of taxes, the assessment or proportion thereof allocable to a local taxing district shall be certified to the clerk of the court of the county or the clerk of the consolidated local government which constitutes or in which such taxing district is located, for collection as provided by law.~~
- (2) ~~The sheriff shall not receive or receipt for any taxes until the tax bills have been delivered to him by the county clerk, as provided in KRS 133.220 and 133.230.~~
- (3) (a) The sheriff *may* ~~except in urban county governments, may, and at the direction of the fiscal court or a consolidated local government shall,~~ invest any tax revenues held in his *or her* possession from the time of collection until the time of distribution to the proper taxing authorities ~~pursuant to KRS 134.300, 134.320, and 160.510~~. Investments by the sheriff shall be restricted to those permitted by KRS 66.480.
- (2) (b) *As part of the* ~~At the time of his~~ monthly distribution of taxes to *a* ~~the~~ district board of education *as required by Section 21 of this Act*, the sheriff shall pay to the board of education that part of *the* ~~his~~ investment earnings for the month which *are* ~~is~~ attributable to the investment of school taxes, *less an amount not to exceed four percent (4%) of the earned monthly investment income to reimburse the sheriff for the costs of administering the investment* ~~but this subsection shall not be construed to prohibit the sheriff from obtaining his expenses not to exceed the rate of four percent (4%) of the earned monthly investment income for the administration of this investment fund~~.
- (3) (c) In ~~those~~ counties where the sheriff pays ~~his~~ fees and commissions *collected* to the county and the salaries and expenses of *the sheriff's* ~~his~~ office are paid by the county, the sheriff shall pay to the county treasurer the investment earnings, other than those paid to the board of education in compliance with *subsection (2) of this section* ~~paragraph (b) of this subsection~~, at the time of his *or her* monthly distribution of taxes to the county *required by Section 21 of this Act*.
- (4) (d) In those counties where the office of sheriff is funded in whole or in part by fees and commissions, the sheriff may use investment earnings, other than those which must be paid to the board of education in compliance with *subsection (2) of this section* ~~paragraph (b) of this subsection~~, to pay lawful expenses of his *or her* office ~~, and the remainder shall be paid to the fiscal court or a consolidated local government at the time of the sheriff's annual settlement for county, consolidated local government, and district taxes and excess fees~~.

➔ Section 20. KRS 134.160 is amended to read as follows:

- (1) The *governing body of a county* ~~sheriff shall keep his office at the county seat, except in counties where he has an office already established in a city other than the county seat, in which case he shall continue his office at the place now established. The fiscal court~~ shall provide *the sheriff* ~~him~~ with ~~a room or rooms for an~~ office *space that includes a secure place* ~~, with a vault or place of safety in which~~ to keep the records of his *or her* office. ~~He shall keep his office open for the collection of taxes at all reasonable times, except on Sundays and legal holidays.~~
- (2) (a) The sheriff shall keep an accurate account of all moneys received *and all disbursements made* ~~by him~~, showing:
 1. The amount; ~~;~~
 2. The *date and time of payment or disbursement*;
 3. *The name of the person making the payment or to whom the disbursement was made; and*

4. *The account the payment was credited to or the disbursement deducted from* ~~[when and the person from whom received, and on what account. He shall also keep an accurate record of all disbursements made by him, showing the amount, to whom paid, the time of payment, and on what account].~~
- (b) *The sheriff shall maintain records that account for* ~~[He shall so arrange and keep his books that the amounts received and paid on account of]~~ separate and distinct appropriations ~~[shall be exhibited]~~ in separate and distinct accounts.
- (c) *The sheriff* ~~[He]~~ shall balance *all accounts* ~~[his books]~~ on a *monthly basis unless otherwise provided by law* ~~[the first day of each month, so as to show the correct amount on hand belonging to each fund on the day the balance is made].~~ The *cost of maintaining records and accounts in whatever form* ~~[books]~~ shall be paid for as other county records.
- (3) *All payments received by the sheriff shall be entered immediately by the sheriff on his or her books. The sheriff may provide a receipt specifying the amount and to what account the payment was credited to the person making the payment.*
- (4) *The sheriff shall obtain a receipt for all disbursements made by the sheriff.*
- (5) *Other than as permitted for investment and expenditures by this chapter, the sheriff shall not apply or use any money received by him or her for any purpose other than that for which the money was paid or collected.*
- (6) The sheriff shall keep *all* ~~[his]~~ books and accounts in the manner and form required by the department ~~[of Revenue].~~
- (7) ~~[(4)]~~ The books of the sheriff shall be open at all times to the inspection of the Auditor of Public Accounts, the department ~~[of Revenue]~~, the *governing body of the county* ~~[fiscal court]~~ or any member thereof, *the governing body of any other taxing district for which the sheriff collects taxes or any member thereof*, the Commonwealth's and county attorneys, and any taxpayer or person having any interest therein.

➔SECTION 21. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) *The sheriff shall provide monthly reports by the tenth day of each month to the chief executive of the county, the department, and any other district for which the sheriff collects taxes. The governing body of the county may require the sheriff to report and pay on a more frequent basis if necessary for bonding requirements; however, the sheriff shall not be required to report and pay more frequently than weekly.*
- (2) *The report shall be broken down by governmental entity and shall include the following information for the preceding month or reporting period, if the reporting period is other than monthly:*
- (a) *The total amount of taxes collected;*
- (b) *The total amount of any fines, forfeitures, or other moneys collected; and*
- (c) *The disposition of such revenue or money collected.*
- (3) *At the time of making the report, the sheriff shall pay to the county treasurer or other officer designated by the governing body of a county, to the department, and to any other district for which the sheriff collects taxes, all funds belonging to the county, the state, or the district that were collected during the period covered by the report.*
- (4) *Any sheriff failing to pay over taxes collected as required by law shall be subject to a penalty of one percent (1%) for each thirty (30) day period or fraction thereof that the payment is not made, plus interest at the tax interest rate provided in KRS 131.183 on such amounts. The governing body of a county, the department, or the other district for which the sheriff collects taxes, in its settlement with the sheriff, shall charge him or her with such penalties and interest.*
- (5) *The chief executive of a county, or the commissioner of the department may grant an extension of time, not to exceed fifteen (15) days, for filing the report required by subsection (1) of this section with that entity when good cause exists. The extension shall be in writing and shall be recorded in the office of the county clerk. The extension when granted shall suspend the penalty and interest for the duration of the extension. The penalty and interest shall apply at the expiration of the extension.*

➔SECTION 22. A NEW SECTION OF KRS CHAPTER 134 IS CREATED TO READ AS FOLLOWS:

- (1) *Each sheriff shall annually settle his or her accounts with the department, the county, and any district for which the sheriff collects taxes on or before September 1 of each year. If any sheriff resigns, dies, or otherwise vacates his or her office, the books and records shall be made available to the department, the county, and any other district for which the sheriff collects taxes within thirty (30) days from the date that the office is vacated. The annual settlement of the sheriff shall be audited in accordance with KRS 43.070 and 64.810.*
- (2)
 - (a) *The department shall conduct the settlement relating to taxes collected for the state.*
 - (b) *The sheriff shall settle his or her accounts with the county, the school district, and any other taxing district for which he or she collects taxes. On request of the governing body of the county or any other district for which the sheriff collects taxes, the department may conduct the local settlement. If no local settlement has been initiated by July 1 of any year, the department may initiate the local settlement on behalf of the county, the school district, and the taxing districts. Upon completion of the local settlement, the department may receive reasonable reimbursement for expenses incurred.*
- (3) *In making his or her settlement with the local governments and the department, the sheriff shall be allowed credit for the uncollected tax claims properly filed with the county clerk's office as required by Section 6 of this Act.*
- (4) *All tax bills on omitted property that were not turned over to the sheriff in time to be collected shall be carried over as a charge against the sheriff as part of the annual settlement.*
- (5) *The report of the state and local settlement shall be filed in the county clerk's office and approved by the governing body of the county no later than September 1 of each year. The settlement shall show the amount of ad valorem tax collected for the county, the school district, and all taxing districts, and an itemized statement of the money disbursed to or on behalf of the county, the school district, and all taxing districts.*
- (6) *The settlement shall be published pursuant to KRS Chapter 424.*
- (7) *On the final settlement, the sheriff shall pay to the county treasurer all money that remains in his or her hands attributable to amounts charged against the sheriff relating to the collection of property taxes, and shall take receipts as provided in Section 20 of this Act. The sheriff shall pay any additional amounts charged against him or her as a result of the settlements.*
- (8)
 - (a) *If the sheriff fails to remit amounts charged against him or her to the appropriate taxing district, the department may issue bills for the subsequent year and may assume all collection duties in the name of and on behalf of the cities, counties, school districts, and other taxing districts.*
 - (b) *The fees and commissions which the sheriff would have been entitled to receive from the taxing districts shall be paid to the department.*
- (9) *No tax bills or tax books shall be delivered to the sheriff during the second or any subsequent calendar year of the sheriff's regular term until the settlement is submitted and approved by the department and the governing body of a county, and until the sheriff's bond is in place, should a bond be required by the fiscal court.*
- (10) *If the tax records of a county are destroyed by fire, flood, tornado, or other act of nature, or are lost, stolen, or mutilated so as to require a reassessment of the property in the county or a recertification of the tax bills, the sheriff shall have five (5) months from the time he or she receives the recertified tax bills to make settlement pursuant to this section.*
- (11) *In counties containing a population of less than seventy thousand (70,000), the sheriff shall file annually with his or her settlement:*
 - (a) *A complete statement of all funds received by his or her office for official services, showing separately the total income received by his or her office for services rendered, exclusive of his or her commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes; and*
 - (b) *A complete statement of all expenditures of his or her office, including his or her salary, compensation of deputies and assistants, and reasonable expenses.*

- (12) *At the time he or she files the statements required by subsection (11) of this section, the sheriff shall pay to the governing body of the county any fees, commissions, and other income of his or her office, including income from investments, which exceed the sum of his or her maximum salary as permitted by the Constitution and other reasonable expenses, including compensation of deputies and assistants. The settlement for excess fees and commissions and other income shall be subject to correction by audit conducted pursuant to KRS 43.070 or 64.810. The provisions of this subsection shall not be construed to amend KRS 64.820 or 64.830.*
- (13) *If a county's population that equaled or exceeded seventy thousand (70,000) is less than seventy thousand (70,000) after the most recent federal decennial census, then the provisions of KRS 64.368 shall apply.*

➔Section 23. KRS 134.215 is amended to read as follows:

- (1) An outgoing sheriff, as soon as his *or her* successor has been qualified and inducted into office and his *or her* official bond approved, shall:
- (a) Immediately vacate his *or her* office;~~;~~
 - (b) Deliver to his *or her* successor all books, papers, records, and other property held by virtue of his *or her* office;~~;~~ and
 - (c) Make a complete settlement of his *or her* accounts as sheriff, *as provided in Section 22 of this Act*, except as otherwise provided in this section.
- (2) (a) All unpaid tax ~~claims~~~~[bills]~~ and *tax claims*~~[bills]~~ upon which partial payments have been accepted in the possession of the sheriff upon the date of expiration of his *or her* term shall be turned over to the incoming sheriff, who shall collect and account for them as provided by law.
- (b) The outgoing sheriff shall take a receipt from the incoming sheriff for the unpaid and partially paid tax ~~claims~~~~[bills]~~. This receipt shall show in detail for each unpaid and for each partially paid tax ~~claim~~~~[bill]~~ the total amount due each taxing district as *reflected on*~~[shown upon]~~ the tax ~~claims~~~~[bills]~~. ~~Provided, however, in counties containing a population of seventy thousand (70,000) or over, the receipt shall show the total amount due each taxing district as shown upon the unpaid and partially paid tax bills.~~ The receipt shall be signed and acknowledged by the incoming sheriff before the county clerk, filed with the county ~~clerk~~~~[judge/executive]~~, and recorded in the order book of the county ~~clerk~~~~[judge/executive]~~ in the manner required by law for recording the official bond of the sheriff. A certified copy of the receipt as recorded in the order book of the county ~~clerk~~~~[judge/executive]~~ shall be filed with the department~~[of Revenue]~~.
- (c) The outgoing sheriff and his *or her* bondsmen or sureties shall be relieved in~~[securing his quietus and in]~~ the final settlement of his *or her* accounts of all responsibility for collecting and accounting for the amounts covered by the receipt, and the incoming sheriff shall be charged with full responsibility for collecting and accounting for these amounts as otherwise provided by law for the collection and accounting for taxes. ~~[If a county's population that equaled or exceeded seventy thousand (70,000) is less than seventy thousand (70,000) after the most recent federal decennial census, then the provisions of KRS 64.368 shall apply.]~~
- (3) Each outgoing sheriff shall make a final settlement with the department,~~[of Revenue and]~~ the fiscal court, and *all districts for which his or her office collected taxes*~~[taxing district of his county]~~ by March 15 immediately following the expiration of his *or her* term of office. *The settlement shall address*~~[for]~~ all charges of taxes made against *the sheriff*~~[him]~~ and~~[for]~~ all money received by him *or her* as sheriff, *and shall include all of the information required for the annual settlement pursuant to Section 22 of this Act. Upon approval of the final settlement, the outgoing sheriff*~~[and to obtain his quietus, and immediately thereafter he]~~ shall deliver these records to the incumbent sheriff. *The final settlement of the outgoing sheriff shall be audited as provided in KRS 43.070 and 64.810.*
- (4) (a) For *the purpose*~~[purposes]~~ of *establishing an accurate* accounting for unpaid and partially paid tax ~~claims~~~~[bills]~~, either the outgoing sheriff, the incoming sheriff, or both, may, by giving advance notice by publication pursuant to KRS Chapter 424, refuse to accept payment of ad valorem taxes during any or all of *the period*~~[that portion of their terms of office]~~ from January 1 through January 15. ~~[Irrespective of whether the office refuses to accept payment of taxes during any or all of this fifteen (15) day period,]~~

- (b) *During the transition period from January 1 through January 15*, both the incoming and outgoing sheriffs shall have working access to the office facilities and to the records and mail of the sheriff's office relating to the payment, collection, and refund of ad valorem taxes on property.
 - (c) Interest shall not be assessed or collected for the period during which payment of taxes is prohibited under the terms of this section.
- (5) The outgoing sheriff shall be ~~allowed and~~ paid in accordance with KRS 64.140 and 64.530 the reasonable expenses actually incurred in preparing the receipt required under this section. Reasonable expenses actually incurred may include office expenses and salaries of himself *or herself*, deputies, and employees paid in accordance with the schedule of the previous year or the amount paid an auditor necessary in determining, verifying, and recording the unpaid and partially paid tax *claims* ~~bills~~ turned over to the incoming sheriff.

➔Section 24. KRS 134.230 is amended to read as follows:

- (1) (a) *The sheriff shall execute a bond annually to the Commonwealth with one (1) or more sufficient sureties in the minimum sum of ten thousand dollars (\$10,000), conditioned on the faithful performance of his or her duties and to pay over to the proper person and at the proper time all money collected. The bond shall be executed prior to the sheriff collecting taxes for the year in which the bond is executed. The bond shall be approved by order of the governing body of the county, and shall be filed by the governing body of the county with the county clerk and with the department.*
- (b) The *governing body of the county* ~~fiscal court~~ may require the sheriff to enter into *an additional* bond, with good surety to be approved by the *governing body of the* ~~fiscal court, when the fiscal court deems it necessary in the interest of the state or~~ county.
- (2) (a) *Subject to the provisions of paragraph (b) of this subsection, the sureties on all bonds executed by the sheriff pursuant to this section shall be jointly and severally liable for any default of the sheriff during the calendar year in which the bond was executed, whether the liability accrues before or after the execution of the bond.*
- (b) *Neither the sheriff nor a surety shall be liable for any act or default of the sheriff relating to the sheriff's revenue duties unless notice of the act or default of the sheriff giving rise to a claim upon the bond has been given to the surety by the department, the chief executive of the county, the county attorney, or other person asserting the claim within ninety (90) days after discovery or at the latest within one (1) year after the end of the year within which the bond was executed.*
- (3) (a) *Any sheriff who fails to execute a bond as required by this section shall forfeit his or her office. The vacancy shall be filled as provided in KRS 63.220.*
- (b) *If the chief executive of the county does not appoint a sheriff as provided in KRS 63.220 within thirty (30) days, the department may appoint a tax collector to collect the moneys due the state. An appointed collector shall execute a bond within ten (10) days of being appointed, in the same manner and under the same conditions as provided in this section for a sheriff. A sheriff who forfeits his or her office under this subsection or who resigns his or her office shall not be appointed as collector under this section.*

➔Section 25. KRS 134.380 is amended to read as follows:

- (1) The *department* ~~commissioner~~ may act in the name of and in behalf of the state and in the name of and in behalf of any and all counties ~~, consolidated local government~~, school *districts*, and other taxing districts in the state to institute and prosecute any action or proceeding for the collection of delinquent taxes and the assessment of omitted property. If the department assumes the duties of collecting the delinquent taxes assessed under the authority of KRS Chapter 132, it shall have all the powers, rights, duties, and authority conferred generally upon the department by the Kentucky Revised Statutes, including but not limited to Chapters 131, *132, 133*, 134, and 135.
- (2) ~~Field agents, accountants, and attorneys of the department shall prosecute all actions and proceedings under the direction of the commissioner. Field agents, accountants, attorneys, and all other employees of the department engaged in the prosecution of the actions shall not be hired by personal service contract. The commissioner shall prosecute diligently, or cause to be prosecuted by field agents, accountants, and attorneys employed by him, the collection of all delinquent taxes due the state.~~

~~(3)~~ Nothing contained in this chapter shall prevent the *department*~~[commissioner of revenue]~~ from assessing any property in accordance with the provisions of KRS 136.020, 136.030, 136.050, or 136.120 to 136.180.

~~(3)~~~~(4)~~ The department may require the use of any reports, forms, or databases necessary to administer the law in connection with the collection of delinquent taxes.~~[The department shall require an index to be kept of all certificates of delinquency.]~~

➔Section 26. KRS 134.400 is amended to read as follows:

(1) *The twenty percent (20%) penalty established by Section 37 of this Act, the administrative fee established by Section 28 of this Act, the fees payable to the department for collecting delinquent taxes pursuant Section 12 of this Act, and any other fees or penalties payable to the department for collecting delinquent taxes*~~[All penalties imposed by law, either in whole or in part, in favor of or for the benefit of agents of the Department of Revenue, sheriffs, and other state, county, or district agents or officers, upon or for the recovery of taxes or the assessment of omitted property,]~~ shall be paid into the State Treasury and credited as provided~~[for the twenty percent (20%) penalty]~~ in subsection (2) of this section.

(2) ~~[The twenty percent (20%) penalty collected on taxes due the state, county, school, or other taxing district shall be paid into the State Treasury.]~~One-fourth (1/4) of the moneys~~[thus]~~ received *pursuant to the provisions of subsection (1) of this section* shall be credited to the general~~[expenditure]~~ fund. The remaining three-fourths (3/4) shall~~[also]~~ be credited to~~[the general expenditure fund unless the General Assembly, in its biennial branch budget bill, provides that it be credited to]~~ a fund to be designated and known as the delinquent tax fund, *to*~~[in which case it shall be so credited and so much thereof as may be necessary shall]~~ be used for the administration and enforcement of the laws relating to the collection of delinquent taxes and the assessment of omitted property.~~[All]~~ Salaries, fees, and expenses authorized by the laws relating to the collection of delinquent taxes and the assessment of omitted property, *may*~~[except the fees of county attorneys, shall]~~ be *paid*~~[payable]~~ out of the delinquent tax fund upon certifications or requisitions of the commissioner of revenue.

➔Section 27. KRS 134.495 is amended to read as follows:

Whenever the Commonwealth~~[of Kentucky]~~ prosecutes an action in a Circuit Court pursuant to *Section 16 of this Act*~~[KRS 134.490]~~, to enforce a certificate of delinquency *or a personal property certificate of delinquency, the*~~[, or an action to invalidate a land tax sale and enforce a lien for taxes pursuant to KRS 134.540, such]~~ court shall have authority to assess property which has been omitted for any reason, whenever necessary to establish the total personal liability of any defendant in such action or to establish the total amount of any lien or liens against the property. Provided, however, that~~[neither]~~ the twenty percent (20%) penalty provided in KRS 132.340 and 135.060~~[, nor the fifteen percent (15%) administrative fee provided in KRS 134.540 and 134.550,]~~ shall *not* apply to the amount of taxes, penalties, and interest due for any assessment made pursuant to this section for any omission which was caused through no fault of the person owning the property on the assessment date.

➔Section 28. KRS 134.510 is amended to read as follows:

(1) After the state, county, and taxing districts obtain real property as authorized by *Section 16 of this Act*~~[KRS 134.490]~~, the designated agent of the commissioner~~[of revenue]~~ may advertise and sell at public sale any of the lands, and the commissioner may convey the lands by deed to the purchaser. The commissioner shall, within thirty (30) days from receipt of payment, pay to the county and taxing district the amount of the proceeds due each. The department~~[of Revenue]~~ shall be entitled to an administration fee equal to fifteen percent (15%) of the sale price of the property, which shall be paid into the delinquent tax fund provided for in *Section 26 of this Act*~~[KRS 134.400]~~.

(2) The sales shall be advertised by a written or printed notice posted at the courthouse door for fifteen (15) days before the date of sale, and by publication pursuant to KRS Chapter 424, and may in addition be advertised by printed handbills posted for fifteen (15) days before the date of sale in three (3) or more conspicuous places in the taxing districts.

(3) Any real property acquired by the state, county, and taxing districts pursuant to *Section 16 of this Act*~~[KRS 134.490]~~ may be redeemed at any time before the commissioner gives a deed to a purchaser, by paying to the county clerk the amount due at the time the property was acquired, plus subsequent costs and interest at the rate of twelve percent (12%) per annum.

➔Section 29. KRS 134.520 is amended to read as follows:

- (1) If a certificate of delinquency *or personal property certificate of delinquency* held by an individual is declared void by a court of competent jurisdiction because of the irregularity of taxing officers, the amount for which the certificate was issued shall be refunded by the state, county and taxing districts on a pro rata basis. If a school district or county is unable to make the refund currently when requested, it shall be given preference from the next year's revenue. The application for refund must be made within one (1) year after the judgment. ~~The rate of interest refunded shall be at the tax interest rate as defined in KRS 131.010(6), rather than twelve percent (12%) per annum.~~ The property covered by the void certificate shall be assessed immediately as omitted property and the tax bill shall be payable as soon as prepared.
- (2) (a) *If a certificate of delinquency held by a third-party purchaser who paid the certificate of delinquency to the county clerk is unenforceable because it is a duplicate certificate of delinquency, because the tax liability represented by the certificate of delinquency was satisfied prior to the purchase of the certificate of delinquency, or because all or a portion of the certificate of delinquency is exonerated, the third-party purchaser may apply to the county clerk for a refund.*
- (b) *The application for refund shall include written proof that one (1) of the situations described in paragraph (a) of this subsection exists with regard to the certificate of delinquency for which a refund is sought.*
- (c) 1. *Upon acceptance and approval of the application for refund, the county clerk shall approve a refund of the amount paid to the county clerk by the third-party purchaser in satisfaction of the certificate of delinquency.*
2. *Amounts refunded to the third-party purchaser shall be deducted from amounts in the hands of the county clerk due to the state, county, taxing districts, sheriff, county attorney, and the county clerk on a pro rata basis, if the county clerk has sufficient funds in his or her hands to make the refund.*
3. *If the county clerk does not have sufficient funds to make the refund at the time the refund is approved, the county clerk may either:*
- a. *Retain the approved refund claim in his or her office and make the refund payment as soon as he or she has sufficient funds in his or her hands to make the refund payment;*
or
- b. *Provide a signed letter to the person to whom payment is due, which includes the amount due from each taxing jurisdiction or fee office, and which directs each taxing jurisdiction or fee official to pay to the person the amount due and owing from that taxing jurisdiction or fee official as reflected in the letter.*
4. *The county clerk shall document his or her records to reflect the action taken in response to an approved refund.*
- (d) *Any third-party purchaser who receives a refund pursuant to this section shall release any liens on the property for which the refund was received within thirty (30) days of receiving the refund. Failure to release the lien shall subject the third-party purchaser to all of the remedies provided in KRS 382.365.*

➔Section 30. KRS 134.990 is amended to read as follows:

- (1) *Any sheriff who fails to make his or her annual settlement available as required by Section 22 of this Act, or who fails to remit any amounts which are due to the taxing districts as required by law, shall be subject to indictment in his or her county of residence, and upon conviction shall be fined not less than five hundred dollars (\$500) nor more than five thousand dollars (\$5,000)* ~~Any sheriff who violates subsection (2) of KRS 134.140 shall be fined one hundred dollars (\$100) for each offense.~~
- (2) ~~Any person who violates the provisions of KRS 134.150 shall, upon indictment and conviction in the county in which the act was done, be fined not less than one hundred dollars (\$100) nor more than five hundred dollars (\$500), and be removed from office.~~
- (3) ~~Any sheriff who violates subsection (5) of Section 20 of this Act~~ ~~(3) of KRS 134.170~~ shall be fined not less than one hundred dollars (\$100) nor more than five hundred dollars (\$500) for each offense.

- ~~(3)~~~~(4)~~ ***Any sheriff who fails to maintain accurate records of ad valorem taxes collected, or who fails to collect taxes due that were collectable shall be held liable on his or her bond for the amount of the tax, penalties, interest, and costs due, plus a thirty percent (30%) penalty thereon. Action shall be brought in the Circuit Court of the county in which the tax is due, on motion of the county attorney or department on behalf of the state. All actions shall be prosecuted by the county attorney, who shall be entitled to retain the penalty recovered for services rendered if all amounts otherwise due are recovered and paid to the taxing jurisdictions entitled to receive those amounts.***~~[Any sheriff who violates subsection (2) of KRS 134.200 shall be fined not less than five hundred dollars (\$500) for each offense].~~
- ~~(4)~~~~(5)~~ Any outgoing sheriff who fails for ten (10) days to comply with the provisions of ***Section 23 of this Act***~~[KRS 134.215]~~ shall be fined not less than fifty dollars (\$50) nor more than five hundred dollars (\$500), and be liable on his *or her* bond for any default.
- ~~(5)~~~~(6)~~ ***In addition to the penalty imposed by Section 21 of this Act***, any sheriff who fails to report as required in ***Section 21 of this Act***~~[KRS 134.300 shall be liable to indictment in the county of his residence, and upon conviction]~~ shall be fined not less than one hundred dollars (\$100) nor more than five hundred dollars (\$500).
- ~~(6)~~~~(7)~~ ***Any person who is required to register with the department pursuant to Section 11 of this Act who fails to register shall be fined not less than ten dollars (\$10) or more than five hundred dollars (\$500) for each certificate of delinquency purchased while the person was not registered but should have been.***~~[Any sheriff who fails to report as provided in KRS 134.320 shall be liable to indictment in the Franklin Circuit Court, and upon conviction shall be fined not less than one hundred dollars (\$100) nor more than five hundred dollars (\$500) for each offense].~~
- ~~(7)~~~~(8)~~ Any person who willfully fails to comply with any ***administrative rule or*** regulation promulgated under subsection (3) of ***Section 25 of this Act***~~(4) of KRS 134.380]~~ shall be fined not less than twenty dollars (\$20) nor more than one thousand dollars (\$1,000).
- ~~(8)~~~~(9)~~ ~~Any sheriff who violates subsection (5) of KRS 134.430 shall be fined one hundred dollars (\$100) and be liable on his official bond for the damages sustained by any person aggrieved.~~
- ~~(10)~~ Any county attorney who ***contracts with the department to collect certificates of delinquency and personal property certificates of delinquency who fails to send the notices required by subsection (4) of Section 12 of this Act***~~[prepare, and any sheriff who fails to serve, the notice provided for in subsection (3) of KRS 134.500]~~ shall be fined not less than ten dollars (\$10) nor more than one hundred dollars (\$100) ***for each notice that he or she fails to send.***
- ~~(9)~~~~(11)~~ Any sheriff who ~~intentionally~~ fails to keep his *or her* books in an intelligible manner and according to the form prescribed by the department ~~of Revenue~~, or to make the entries required by law, shall be fined not less than fifty dollars (\$50) nor more than two hundred dollars (\$200) for each offense.
- (10) ***Any third party-purchaser who attempts to circumvent the fairness of the sale process established pursuant to Section 10 of this Act by establishing multiple entities or involving multiple individuals in the bidding process shall be guilty of a Class A misdemeanor. The county attorney and the Attorney General shall have concurrent jurisdiction for the investigation and prosecution of offenses under this section.***
- (11) (a) ***Any third party-purchaser who knowingly:***
1. ***Demands costs or fees in excess of those permitted by Section 14 of this Act;***
 2. ***Fails to send notices as required by Section 15 of this Act, or to include in the notices the information required by Section 15 of this Act; or***
 3. ***Fails to provide revised contact information as required by Section 15 of this Act;***
- Shall be subject to a fine of not less than one hundred dollars (\$100) nor more than two hundred fifty dollars (\$250) for the first offense, and for the second and any subsequent offenses, shall be fined not less than two hundred fifty dollars (\$250) nor more than five hundred dollars (\$500).***
- (b) ***As used in this subsection, knowingly has the same meaning as in KRS 501.020.***
- (12) Any person who fails to do an act required, or does an act forbidden, by any provision of this chapter for which no other penalty is provided shall be fined not less than ten dollars (\$10) nor more than five hundred dollars (\$500).

➔Section 31. KRS 131.130 is amended to read as follows:

Without limitation of other duties assigned to it by law, the following powers and duties are vested in the Department of Revenue:

- (1) The department may make administrative regulations, and direct proceedings and actions, for the administration and enforcement of all tax laws of this state.
- (2) The department, by representatives it appoints in writing, may take testimony or depositions, and may examine hard copy or electronic records, any person's documents, files, and equipment if those records, documents, or equipment will furnish knowledge concerning any taxpayer's tax liability, when it deems this reasonably necessary to the performance of its functions. The department may enforce this right by application to the Circuit Court in the county wherein the person is domiciled or has his or her principal office, or by application to the Franklin Circuit Court, which courts may compel compliance with the orders of the department.
- (3) The department shall prescribe the style, and determine and enforce the use or manner of keeping, of all assessment and tax forms and records employed by state and county officials, and may prescribe forms necessary for the administration of any revenue law by the promulgation of an administrative regulation pursuant to KRS Chapter 13A incorporating the forms by reference.
- (4) The department shall advise on all questions respecting the construction of state revenue laws and the application thereof to various classes of taxpayers and property.
- (5) Attorneys employed by the Finance and Administration Cabinet and approved by the Attorney General as provided in KRS 15.020 may prosecute all violations of the criminal and penal laws relating to revenue and taxation. If a Finance and Administration Cabinet attorney undertakes any of the actions prescribed in this subsection, that attorney shall be authorized to exercise all powers and perform all duties in respect to the criminal actions or proceedings which the prosecuting attorney would otherwise perform or exercise, including the authority to sign, file, and present any complaints, affidavits, information, presentments, accusations, indictments, subpoenas, and processes of any kind, and to appear before all grand juries, courts, or tribunals.
- (6) In the event of the incapacity of attorneys employed by the Finance and Administration Cabinet or at the request of the secretary of the Finance and Administration Cabinet, the Attorney General or his or her designee shall prosecute all violations of the criminal and penal laws relating to revenue and taxation. If the Attorney General undertakes any of the actions prescribed in this subsection, he or she shall be authorized to exercise all powers and perform all duties in respect to the criminal actions or proceedings which the prosecuting attorney would otherwise perform or exercise, including but not limited to the authority to sign, file, and present any and all complaints, affidavits, information, presentments, accusations, indictments, subpoenas, and processes of any kind, and to appear before all grand juries, courts, or tribunals.
- (7) The department may require the Commonwealth's attorneys and county attorneys to prosecute actions and proceedings and perform other services incident to the enforcement of laws assigned to the department for administration.
- (8) The department may research the fields of taxation, finance, and local government administration, and publish its findings, as the commissioner may deem wise.
- (9) The department may make administrative regulations necessary to establish a system of taxpayer identifying numbers for the purpose of securing proper identification of taxpayers subject to any tax laws or other revenue measure of this state, and may require the taxpayer to place on any return, report, statement, or other document required to be filed, any number assigned pursuant to such administrative regulations.
- (10) The department may, when it is in the best interest of the Commonwealth and helpful to the efficient and effective enforcement, administration, or collection of sales and use tax, motor fuels tax, or the petroleum environmental assurance fee, enter into agreements with out-of-state retailers or other persons for the collection and remittance of sales and use tax, the motor fuels tax, or the petroleum environmental assurance fee.
- (11) The department may enter into annual memoranda of agreement with any state agency, officer, board, commission, corporation, institution, cabinet, department, or other state organization to assume the collection duties for any debts due the state entity and may renew that agreement for up to five (5) years. Under such an agreement, the department shall have all the powers, rights, duties, and authority with respect to the collection, refund, and administration of those liquidated debts as provided under:

- (a) KRS Chapters 131, 134, and 135 for the collection, refund, and administration of delinquent taxes; and
- (b) Any applicable statutory provisions governing the state agency, officer, board, commission, corporation, institution, cabinet, department, or other state organization for the collection, refund, and administration of any liquidated debts due the state entity.

(12) ***The department may refuse to accept a personal check in payment of taxes due or collected from any person who has ever tendered a check to the state which, when presented for payment, was not honored. Any check so refused shall be considered as never having been tendered.***

➔Section 32. KRS 131.500 is amended to read as follows:

- (1) (a) In addition to any other remedy provided by the laws of the Commonwealth, if any person has been assessed for a tax the collection of which is administered by the Department of Revenue as provided by the laws of the Commonwealth and if the person has not sought administrative or judicial review of the assessment as provided for in KRS 131.110, or if the person has sought but exhausted all administrative and judicial review so that the assessment is final, due, and owing, the commissioner of revenue or his delegate may cause a demand to be made on the person for the payment thereof.
- (b) If the tax remains unpaid for thirty (30) days after the demand, the commissioner or his delegate may levy upon and sell all property and rights to property found within the Commonwealth belonging to the person or on which there is a lien provided by ***Section 18 or 33 of this Act***~~[KRS 134.420]~~, except the property that is exempt from an execution on a judgment in favor of the Commonwealth as provided in KRS Chapter 427, for the payment of the amount of the tax, penalty, interest, ***fees***, and cost of the levy.
- (2) As soon as practicable after seizure of property, notice in writing shall be given by the commissioner or his delegate to the owner of the property. The notice shall be given to the owner either in person or by certified mail to his ***or her*** last known address. The notice shall specify the sum demanded and shall contain, in the case of personal property, an account of the property seized and, in the case of real property, a description with reasonable certainty of the property seized.
- (3) The commissioner or his ***or her designee***~~[delegate]~~ shall as soon as practicable after the seizure of the property cause a notification of the sale of the seized property to be published in the newspaper with the largest circulation within the county ***where the***~~[wherein such]~~ seizure is made. The notice shall be published once each week for three (3) successive weeks. In addition, the notice shall be posted at the courthouse~~[and three (3) other public places]~~ in the county where the seizure is made for fifteen (15) days next preceding sale. The notice shall specify the property to be sold, and the time, place, manner, and condition of the sale thereof.
- (4) If any property liable to levy is not divisible, so as to enable the commissioner or ***the commissioner's designee***~~[his delegate]~~ by sale of a part thereof to raise the whole amount of the tax, penalty, ***fees***, interest, and cost of the levy, the whole of the property shall be sold.
- (5) The time of sale shall not be less than thirty (30) nor more than ninety (90) days from the time the seizure is made. The place of sale shall be within the county in which the property is seized, except by special order of the commissioner.
- (6) The sale shall~~[not]~~ be conducted~~[in any manner other than]~~ by public auction, or by public sale under sealed bids. In the case of the seizure of several items of property, the commissioner or his ***or her*** delegate may offer the items for sale separately, in groups, or in the aggregate and accept whichever method produces the highest aggregate amount.
- (7) (a) The commissioner or his ***or her*** delegate shall determine whether payment in full shall be required at the time of acceptance of a bid, or whether a part of the payment may be deferred for such period, not to exceed one (1) month, as he ***or she*** may determine to be appropriate.
- (b) If payment in full is required at the time of acceptance of a bid and is not then and there paid, the commissioner or his ***or her*** delegate shall forthwith proceed to again sell the property as provided in subsection (6) of this section.
- (c) If the conditions of the sale permit part of the payment to be deferred, and if such part is not paid, within the prescribed period, suit may be instituted in the Franklin Circuit Court or the Circuit Court of the county where the sale was conducted against the purchaser for the purchase price or such part thereof as has not been paid, together with interest at the rate of twelve percent (12%) per annum from the date of

the sale; or, in the discretion of the commissioner, the sale may be declared to be null and void for failure to make full payment of the purchase price and the property may again be advertised and sold as provided in this section.

- (d) If readvertisement and sale occur, any new purchaser shall receive the property or rights to property, free and clear of any claim or right of the former defaulting purchaser, of any nature whatsoever, and the amount paid upon the bid price by the defaulting purchaser shall be forfeited.
- (8) If the commissioner or his *or her* delegate determines that any property seized is liable to perish or become greatly reduced in price or value by keeping, or that the property cannot be kept without great expense, he *or she* shall appraise the value of the property and, if the owner of the property can be readily found, the commissioner or his *or her* delegate shall give him *or her* notice of the determination of the appraised value of the property. The property shall be returned to the owner if, within the time specified in the notice, the owner pays to the commissioner or his *or her* delegate an amount equal to the appraised value, or gives bond in the form, with the sureties, and in the amount as the commissioner or his *or her* delegate determines to be appropriate in the circumstances. If the owner does not pay the amount or furnish the bond in accordance with this subsection, the commissioner or his *or her* delegate shall as soon as practicable make public sale of the property without regard to the advertisement requirements or the time limitations contained in subsections (3) and (5) of this section.
- (9) No proceedings under this section shall be commenced more than ten (10) years after the assessment becomes final.
- (10) The term "levy" as used in this section shall include the power of distraint and seizure by any means. Except as otherwise provided in KRS 131.510(2)(a), a levy shall extend only to property possessed and obligations existing at the time thereof. In any case in which the commissioner or his *or her* delegate may levy upon property or rights to property, he *or she* may seize and sell the property or rights whether real, personal, tangible or intangible.
- (11) Notwithstanding the provisions of KRS Chapters 45, 45A, and 56, the department may take all necessary steps to provide for the protection, maintenance, or transportation of all property seized by the department pursuant to the provisions of this section, including ~~but not limited to~~ negotiating directly for the procurement of contractual services, including professionals, supplies, materials, equipment, or the leasing of real and personal property. Every effort shall be made to effect a competitively established price for purchases made pursuant to this section. The department shall report any procurements of contractual services, supplies, materials, equipment, or the leasing of real and personal property, to the secretary of the Finance and Administration Cabinet within sixty (60) days of the transaction. Nothing in this section shall preclude the department from complying with the provisions of KRS Chapters 45 and 56 relating to the requirements to report the purchase or lease of real property or equipment to the Capital Projects and Bond Oversight Committee.

➔SECTION 33. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO READ AS FOLLOWS:

- (1) *If any person liable to pay any tax administered by the department, other than a tax subject to the provisions of Section 18 of this Act, neglects or refuses to pay the tax after demand, the tax due together with all penalties, interest, and other costs applicable provided by law shall be a lien in favor of the Commonwealth of Kentucky. The lien shall attach to all property and rights to property owned or subsequently acquired by the person neglecting or refusing to pay the tax.*
- (2) *The lien imposed by subsection (1) of this section shall remain in force for ten (10) years from the date the notice of tax lien has been filed by the commissioner, or his or her designee with the county clerk of any county or counties in which the taxpayer's business or residence is located, or any county in which the taxpayer has an interest in property.*
- (3) *The tax lien imposed by subsection (1) of this section shall not be valid as against any purchaser, judgment lien creditor, or holder of a security interest or mechanic's lien until notice of the tax lien has been filed by the commissioner or his or her designee with the county clerk of any county or counties in which the taxpayer's business or residence is located, or in any county in which the taxpayer has an interest in property. The recording of the tax lien shall constitute notice of both the original assessment and all subsequent assessments of liability against the same taxpayer. Upon request, the department shall disclose the specific amount of liability at a given date to any interested party legally entitled to the information.*

(4) *Even though notice of a tax lien has been filed as provided by subsection (3) of this section, and notwithstanding the provisions of KRS 382.520, the tax lien imposed by subsection (1) of this section shall not be valid with respect to a security interest which came into existence after tax lien filing by reason of disbursements made within forty-five (45) days after the date of tax lien filing or the date the person making the disbursements had actual notice or knowledge of tax lien filing, whichever is earlier, provided the security interest:*

(a) *Is in property which:*

1. *At the time of tax lien filing is subject to the tax lien imposed by subsection (1) of this section; and*
2. *Is covered by the terms of a written agreement entered into before tax lien filing; and*

(b) *Is protected under local law against a judgment lien arising, as of the time of tax lien filing, out of an unsecured obligation.*

➔Section 34. KRS 132.193 is amended to read as follows:

- (1) Leased personal property exempt from taxation~~,~~ when ~~such property is~~ held by a natural person, association, or corporation in connection with a business conducted for profit, shall be subject to taxation in the same amount and to the same extent as though the lessee were the owner of the property, except ~~for~~ personal property used in vending stands operated by blind persons under the auspices of the Office for the Blind.
- (2) Taxes shall be assessed to lessees of exempt personal property and collected in the same manner as taxes assessed to owners of other personal property, except that taxes due under this section shall not become a lien against the personal property. When due, such taxes shall constitute a debt due from the lessee to the state, county, school district, special district, city, ~~or~~ urban-county government, **charter county, consolidated local government, or unified local government** for which the taxes were assessed and if unpaid shall be recoverable by the state as provided in KRS **Chapter 134**~~[134.500]~~.

➔Section 35. KRS 132.195 is amended to read as follows:

- (1) When any real or personal property which ~~for any reason~~ is exempt from taxation is leased or possession *is* otherwise transferred to a natural person, association, partnership, or corporation in connection with a business conducted for profit, the leasehold or other interest in the property shall be subject to state and local taxation at the rate applicable to real or personal property levied by each taxing jurisdiction.
- (2) Subsection (1) of this section shall not apply to interests in:
 - (a) Industrial buildings, as defined under KRS 103.200, owned and financed by a tax-exempt governmental unit or tax-exempt statutory authority under the provisions of KRS Chapter 103, the taxation of which is provided for under the provisions of KRS 132.020 and 132.200;
 - (b) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;
 - (c) Property of any state-supported educational institution;
 - (d) Vending stand locations and facilities operated by blind persons under the auspices of the Office for the Blind, regardless of whether the property is owned by the federal, state, or a local government; or
 - (e) Property of any free public library.
- (3) Taxes shall be assessed to lessees of exempt real or personal property and collected in the same manner as taxes assessed to owners of other real or personal property, except that taxes due under this section shall not become a lien against the property. When due, such taxes shall constitute a debt due from the lessee to the state, county, school district, special district, or urban-county government for which the taxes were assessed and if unpaid shall be recoverable by the state as provided in KRS **Chapter 134**~~[134.500]~~.

➔Section 36. KRS 132.220 is amended to read as follows:

- (1) (a) All taxable property and all interests in taxable property, unless otherwise specifically provided by law, shall be listed, assessed, and valued as of January 1 of each year.

- (b) 1. It shall be the duty of *the holder of the first freehold estate* ~~[all persons owning or having any interest]~~ in any real property taxable in this state to list or have listed the property with the property valuation administrator of the county where it is located between January 1 and March 1 in each year, except as otherwise provided by law.
2. It shall be the duty of all persons owning ~~[or having any interest in]~~ any tangible personal property taxable in this state to list or have listed the property with the property valuation administrator of the county of taxable situs or with the department between January 1 and May 15 in each year, except as otherwise prescribed by law.
3. All persons in whose name property is properly assessed shall remain bound for the tax, notwithstanding they may have sold or parted with it.
- (2) Any taxpayer may list his *or her* property in person before the property valuation administrator or his deputy, or may file a property tax return by first class mail. Any real property correctly and completely described in the assessment record for the previous year, or purchased during the preceding year and for which a value was stated in the deed according to the provisions of KRS 382.135, may be considered by the owner to be listed for the current year if no changes that could potentially affect the assessed value have been made to the property. However, if requested in writing by the property valuation administrator or by the department, any real property owner shall submit a property tax return to verify existing information or to provide additional information for assessment purposes. Any real property which has been underassessed as a result of the owner intentionally failing to provide information, or intentionally providing erroneous information, shall be subject to revaluation, and the difference in value shall be assessed as omitted property under the provisions of KRS 132.290.
- (3) If the owner fails to list the property, the property valuation administrator shall nevertheless assess it. The property valuation administrator may swear witnesses in order to ascertain the person in whose name to make the list. The property valuation administrator, his *or her* employee, or employees of the department may physically inspect and revalue land and buildings in the absence of the property owner or resident. The exterior dimensions of buildings may be measured and building photographs may be taken; however, with the exception of buildings under construction or not yet occupied, an interior inspection of residential and farm buildings, and of the nonpublic portions of commercial buildings shall not be conducted in the absence or without the permission of the owner or resident.
- (4) Real property shall be assessed in the name of the owner, if ascertainable by the property valuation administrator, otherwise in the name of the occupant, if ascertainable, and otherwise to "unknown owner." The undivided real estate of any deceased person may be assessed to the heirs or devisees of the person without designating them by name.
- (5) (a) Real property tax roll entries for which tax bills have not been collected at the expiration of the one (1) year tolling period provided for in *Section 16 of this Act* ~~[KRS 134.470]~~, and for which the property valuation administrator cannot physically locate and identify the real property, shall be deleted from the tax roll and the assessment shall be exonerated.
- (b) The property valuation administrator shall keep a record of these exonerations, which shall be open under the provisions of KRS 61.870 to 61.884.
- (c) If, at any time, one of these entries is determined to represent a valid parcel of property it shall be assessed as omitted property under the provisions of KRS 132.290.
- (d) Notwithstanding other provisions of the Kentucky Revised Statutes to the contrary, any loss of ad valorem tax revenue suffered by a taxing district due to the exoneration of these uncollectable tax bills may be recovered through an adjustment in the tax rate for the following year.
- (6) All real property exempt from taxation by Section 170 of the Constitution shall be listed with the property valuation administrator in the same manner and at the same time as taxable real property. The property valuation administrator shall maintain an inventory record of the tax-exempt property, but the property shall not be placed on the tax rolls. A copy of this tax-exempt inventory shall be filed annually with the department within thirty (30) days of the close of the listing period. This inventory shall be in the form prescribed by the department. The department shall make an annual report itemizing all exempt properties to the Governor and the Legislative Research Commission within sixty (60) days of the close of the listing period.

- (7) Each property valuation administrator, under the direction of the department, shall review annually all real property listed with him *or her* under subsection (6) of this section and claimed to be exempt from taxation by Section 170 of the Constitution. The property valuation administrator shall place on the tax rolls all property that is not exempt. Any property valuation administrator who fails to comply with this subsection shall be subject to the penalties prescribed in KRS 132.990(2).

➔Section 37. KRS 132.290 is amended to read as follows:

- (1) Any real property which has not been listed for taxation, for any year in which it is taxable, by the time the board of assessment appeals completes its work for that year shall be deemed omitted property. Any personal property which has not been listed for taxation, for any year in which it is taxable, by the due date of that year shall be deemed omitted property.
- (2) All omitted property shall be assessed retroactively in the manner provided by law at any time within five (5) years from the date when it became omitted, but the lien thereby accruing on any such property, except real property, shall not prejudice the rights of bona fide purchasers acquired in the meantime.
- (3) All omitted property voluntarily listed shall be subject to a penalty of ten percent (10%) of the amount of taxes, and interest at the tax interest rate as defined in KRS 131.010(6) from the date when the taxes would have become delinquent had the property been listed as required by law, until the date the tax bill is paid.
- (4) All omitted property not voluntarily listed shall be subject to a penalty of twenty percent (20%) of the amount of taxes, and interest at the tax interest rate as defined in KRS 131.010(6) from the date when the taxes would have become delinquent had the property been listed as required by law, until the date the tax bill is paid.
- (5) When the property is assessed retroactively by action prosecuted in the manner provided by KRS 132.330 and 132.340, an additional penalty of twenty percent (20%) of the amount of the original tax, interest and penalty may be collected for the purpose provided in *Section 26 of this Act* ~~[KRS 134.400]~~ and paid into the State Treasury. All other penalties and interest shall be distributed in the same manner as the tax.
- (6) ***Taxes on omitted property shall be due and payable as provided in Section 2 of this Act.***

➔Section 38. KRS 132.370 is amended to read as follows:

- (1) There shall be a property valuation administrator in each county in lieu of a county assessor. Property valuation administrators shall be state officials and all deputies and assistants of their offices shall be unclassified state employees.
- (2) Property valuation administrators shall be elected in the year in which county elections are held and shall enter upon the discharge of the duties of their office on the first Monday in December after their election and continue in office for a period of four (4) years, and until the election and qualification of their successors. Property valuation administrators shall possess the qualifications required by Section 100 of the Constitution and by KRS 132.380 and shall be eligible for reelection.
- (3) The property valuation administrators and all deputies and assistants of their offices who qualify as full-time employees shall be eligible for participation in the provisions of KRS 18A.205, 18A.230 to 18A.355, and 61.510 to 61.705.
- (4) A property valuation administrator may be removed from office by the Circuit Court of his *or her* county, upon petition of any taxpayer, or by the commissioner of revenue for ~~[any of the following grounds:]~~ willful disobedience of any just or legal order of the department, or for misfeasance or malfeasance in office or willful neglect in the discharge of his *or her* official duties, including but not limited to intentional underassessment or overassessment of properties and chronic underassessment of properties. For purposes of this section and *Section 45 of this Act* ~~[KRS 134.385]~~, "chronic underassessment" ~~means~~ ~~[shall mean]~~ a widespread pattern and practice of assessing properties at levels substantially below fair market value which persists for a period of two (2) or more years as disclosed by randomly selected sample appraisals conducted under the provisions of KRS 133.250, special audits conducted pursuant to *Section 45 of this Act* ~~[KRS 134.385]~~, or other means.
- (5) If the commissioner determines that a property valuation administrator should be removed from office, the property valuation administrator shall be notified in writing, and the notice of intent to remove shall state the specific reasons for removal. The notice shall also advise the property valuation administrator of his *or her* right to a preremoval conference and an administrative hearing.

- (6) A property valuation administrator may request a preremoval conference to appear with or without counsel before the commissioner or his *or her* designee to answer the charges against him *or her*. The preremoval conference shall be requested in writing within six (6) working days of the date on which the notice of intent to remove is received, and a preremoval conference shall be scheduled within seven (7) working days of the date on which the request is received. The commissioner or his *or her* designee shall render a decision within five (5) working days of the conclusion of the preremoval conference. Failure of a property valuation administrator to request a preremoval hearing shall not waive his *or her* right to contest his *or her* removal through an administrative hearing.
- (7) If an action to remove a property valuation administrator is initiated by the commissioner of revenue, the property valuation administrator shall have the right to appeal and upon appeal an administrative hearing shall be conducted in accordance with KRS Chapter 13B. Appeal of the final order of the commissioner of revenue may be filed in a Circuit Court of an adjacent judicial circuit in accordance with KRS Chapter 13B, notwithstanding the provisions of KRS Chapter 18A.
- (8) If a property valuation administrator is removed from office as provided in subsections (4) to (7) of this section, he *or she* shall be ineligible to serve in the office at any future date and shall forfeit any and all certification from the Department of Revenue pertaining to the office.
- (9) Notwithstanding the provisions of KRS 18A.110(5)(c), the department shall promulgate administrative regulations allowing property valuation administrators and their deputies to receive lump-sum payments for accrued annual leave and compensatory time when separated from employment because of termination by the employer, resignation, retirement, or death.

➔Section 39. KRS 132.486 is amended to read as follows:

- (1) The Department of Revenue shall develop and administer a centralized ad valorem assessment system for tangible personal property. This system shall be designed to provide on-line computer terminals and accessory equipment in every property valuation administrator's office in the state in order to create and maintain a centralized personal property tax roll database.
- (2) Appeals of personal property assessments shall not be made to the county board of assessment appeals. Personal property taxpayers shall be served notice under the provisions of KRS 132.450(4) and shall have the protest and appeal rights granted under the provision of KRS 131.110.
- (3) 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 a 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 *subsection (6) of Section 2 of this Act* ~~[KRS 134.390]~~ shall apply to the tax bill.

➔Section 40. KRS 132.820 is amended to read as follows:

- (1) The department 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 Department of Revenue 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 department in a form as the department 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 department to file a return.
- (3) Any property subject to assessment by the department 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 department, the department 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 *subsection (6) of Section 2 of this Act* ~~[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 41. KRS 132.825 is amended to read as follows:

- (1) It shall be the duty of all persons providing communications services or multichannel video programming services defined under KRS 136.602 owning or having any interest in tangible personal property in this state to list or have listed the property with the department between January 1 and May 15 in each year reporting the full details, a correct description of the property and its value.
- (2) The department shall have sole power to value and assess all tangible personal property of multichannel video programming service providers and communications service providers. Such property shall be valued and assessed in accordance with procedures established for locally assessed tangible property. The department shall develop forms for reporting.
- (3) Providers of multichannel video programming services or communications services shall not be required to list, and the department shall not assess intangible property as defined in KRS 132.010.
- (4) It is the intent of KRS 136.600 to 136.660 to relieve communications service providers and multichannel video programming service providers from the tax liability imposed under KRS 136.120 by:
 - (a) Requiring real, tangible, and intangible property owned by communications service providers and multichannel video programming service providers to be assessed and taxed in the same manner as real, tangible and intangible property of all other taxpayers under KRS Chapter 132 excluding KRS 132.030; and
 - (b) Replacing revenues received from communications service providers and multichannel video programming service providers under KRS 136.120, attributable to the franchise portion of operating property as defined in KRS 136.115, with the levy imposed under KRS 136.616.

To the extent that any tangible or intangible property was considered a part of the franchise portion of operating property under KRS 136.115 and 136.120 for tax periods ending prior to January 1, 2006, for a communications service provider or a multichannel video programming service provider, such property shall be exempt from taxation under KRS Chapter 132 and shall not be listed, valued or assessed under this section for tax periods beginning on or after December 31, 2005.

- (5) It is also the intent of KRS 136.600 to 136.660 that for communications service providers and multichannel video programming service providers the following items, to the extent these items are intangible property, shall be exempt from taxation under KRS Chapter 132 and shall not be listed, valued, or assessed by the department or local jurisdictions. The items include but shall not be limited to:

- (a) Franchises;
 - (b) Certificates of public convenience and necessity;
 - (c) Licenses;
 - (d) Authorizations issued by the Federal Communications Commission or any state public service commission;
 - (e) Customer lists;
 - (f) Assembled labor force;
 - (g) Goodwill;
 - (h) Managerial skills;
 - (i) Business enterprise value;
 - (j) Speculative value; and
 - (k) Any other type of personal property that is not tangible personal property.
- (6) Any person dissatisfied with or aggrieved by the finding or ruling of the department may appeal the finding or ruling in the manners provided in KRS 131.110.
 - (7) All persons in whose name property is assessed shall remain bound for the tax, notwithstanding that they may have sold or parted with it.
 - (8) The department shall allocate the assessed value of property described in subsection (1) of this section among the counties, cities, and taxing districts. The assessed value shall be allocated to the county, city, or taxing district where the property is situated.
 - (9) The department shall certify, unless otherwise specified, to the county clerk of each county in which any of the property assessment listed by the corporation is liable to local taxation, the amount of tangible personal property liable for county, city, or district tax.
 - (10) 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 that 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 *subsection (6) of Section 2 of this Act* ~~[KRS 134.390]~~ shall apply to the tax bill.
 - (11) The certification of valuation shall be filed by each county clerk in the clerk's 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 that has the value certified by the department shall pay an annual fee to the department that represents an allocation of the department's operating and overhead expenses incurred in generating the valuations. This fee shall be determined by the department and shall apply to valuations for tax periods beginning on or after January 1, 2005.

➔Section 42. KRS 133.120 is amended to read as follows:

- (1) (a) Any taxpayer desiring to appeal an assessment on real property made by the property valuation administrator shall first request a conference with the property valuation administrator or his *or her* designated deputy. The conference shall be held prior to or during the inspection period provided for in KRS 133.045.
- (b) Any person receiving compensation to represent a property owner at a conference with the property valuation administrator for a real property assessment shall be an attorney, a certified public accountant, a certified real estate broker, a Kentucky licensed real estate broker, an employee of the property owner, or any other individual possessing a professional appraisal designation recognized by the department. A person representing a property owner before the property valuation administrator shall present written authorization from the property owner which sets forth his *or her* professional capacity and shall disclose to the property valuation administrator any personal or private interests he *or she* may have in

the matter, including any contingency fee arrangements. Provided however, attorneys shall not be required to disclose the terms and conditions of any contingency fee arrangement.

- (c) During this conference, the property valuation administrator or his *or her* deputy shall provide an explanation to the taxpayer of the constitutional and statutory provisions governing property tax administration, including the appeal process, as well as an explanation of the procedures followed in deriving the assessed value for the taxpayer's property.
 - (d) The property valuation administrator or his *or her* deputy shall keep a record of each conference which shall include ~~[,]~~ but ~~shall~~ not be limited to ~~[,]~~ the initial assessed value, the value claimed by the taxpayer, an explanation of any changes offered or agreed to by each party, and a brief account of the outcome of the conference.
 - (e) At the request of the taxpayer, the conference may be held by telephone.
- (2) (a) Any taxpayer still aggrieved by an assessment on real property made by the property valuation administrator after complying with the provisions of subsection (1) of this section may appeal to the board of assessment appeals.
- (b) The taxpayer shall appeal his *or her* assessment by filing in person or sending a letter or other written petition *to the county clerk* stating the reasons for appeal, identifying the property for which the appeal is filed, and stating ~~to the county clerk~~ the taxpayer's opinion of the fair cash value of the property.
 - (c) The appeal shall be filed no later than one (1) workday following the conclusion of the inspection period provided for in KRS 133.045.
 - (d) The county clerk shall notify the department of all assessment appeals and of the date and times of the hearings.
 - (e) The board of assessment appeals may review and change any assessment made by the property valuation administrator upon recommendation of the county judge/executive, mayor of any city using the county assessment, or the superintendent of any school district in which the property is located, if the recommendation is made to the board in writing specifying the individual properties recommended for review and is made no later than one (1) work day following the conclusion of the inspection period provided for in KRS 133.045, or upon the written recommendation of the department. If the board of assessment appeals determines that the assessment should be increased, it shall give the taxpayer notice in the manner required by subsection (4) of KRS 132.450, specifying a date when the board will hear the taxpayer, if he *or she* so desires, in protest of an increase.
 - (f) Any real property owner who has listed his *or her* property with the property valuation administrator at its fair cash value may ask the county board of assessment appeals to review the assessments of real properties he *or she* believes to be assessed at less than fair cash value, if he *or she* specifies in writing the individual properties for which the review is sought and factual information upon which his *or her* request is based, such as comparable sales or cost data and if the request is made no later than one (1) work day following the conclusion of the inspection period provided for in KRS 133.045.
 - (g) Nothing in this section shall be construed as granting any property owner the right to request a blanket review of properties or the board the power to conduct such a review.
- (3) (a) The board of assessment appeals shall hold a public hearing for each individual taxpayer appeal in protest of the assessment by the property valuation administrator filed in accordance with the provisions of subsection (2) of this section, and after hearing all the evidence, shall fix the assessment of the property at its fair cash value.
- (b) The department may be present at the hearing and present any pertinent evidence as it pertains to the appeal.
 - (c) The taxpayer shall provide factual evidence to support his *or her* appeal. If the taxpayer fails to provide reasonable information pertaining to the value of the property requested by the property valuation administrator, the department, or any member of the board, his *or her* appeal shall be denied.

- (d) This information shall include ~~[-]~~ but ~~[-shall]~~ not be limited to ~~[-]~~ the physical characteristics of land and improvements, insurance policies, cost of construction, real estate sales listings and contracts, income and expense statements for commercial property, and loans or mortgages.
- (e) The board of assessment appeals shall only hear and consider evidence which has been submitted to it in the presence of both the property valuation administrator or his *or her* designated deputy and the taxpayer or his *or her* authorized representative.
- (4) Any person receiving compensation to represent a property owner in an appeal before the board shall be an attorney, a certified public accountant, a certified real estate appraiser, a Kentucky licensed real estate broker, an employee of the taxpayer, or any other individual possessing a professional appraisal designation recognized by the department. A person representing a property owner before the county board of assessment appeals shall present a written authorization from the property owner which sets forth his *or her* professional capacity and shall disclose to the county board of assessment appeals any personal or private interests he *or she* may have in the matter, including any contingency fee arrangements. Provided however, attorneys shall not be required to disclose the terms and conditions of any contingency fee arrangement.
- (5) The board shall provide a written opinion justifying its action for each assessment either decreased or increased in the record of its proceedings and orders required in KRS 133.125 on forms or in a format provided or approved by the department.
- (6) The board shall report to the property valuation administrator any real property omitted from the tax roll. The property valuation administrator shall assess the property and immediately give notice to the taxpayer in the manner required by KRS 132.450(4), specifying a date when the board of assessment appeals will hear the taxpayer, if he *or she* so desires, in protest of the action of the property valuation administrator.
- (7) The board of assessment appeals shall have power to issue subpoenas, compel the attendance of witnesses, and adopt rules and regulations concerning the conduct of its business. Any member of the board shall have power to administer oaths to any witness in proceedings before the board.
- (8) The powers of the board of assessment appeals shall be limited to those specifically granted by this section.
- (9) No appeal shall delay the collection or payment of any taxes based upon the assessment in controversy. The taxpayer shall pay all state, county, and district taxes due on the valuation which he *or she* claims as true value and stated in the petition of appeal filed in accordance with the provisions of subsection (1) of this section. 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 when the tax would have become due if no appeal had been taken. The provisions of **subsection (6) of Section 2 of this Act** ~~[KRS 134.390]~~ shall apply to the tax bill.
- (10) Any member of the county board of assessment appeals may be required to give evidence in support of the board's findings in any appeal from its actions to the Kentucky Board of Tax Appeals. Any persons aggrieved by a decision of the board, including the property valuation administrator, taxpayer, and department, may appeal the decision to the Kentucky Board of Tax Appeals. Any taxpayer failing to appeal to the county board of assessment appeals, or failing to appear before the board, either in person or by designated representative, shall not be eligible to appeal directly to the Kentucky Board of Tax Appeals.
- (11) The county attorney shall represent the interest of the state and county in all hearings before the board of assessment appeals and on all appeals prosecuted from its decision. If the county attorney is unable to represent the state and county, he or *she* the fiscal court shall arrange for substitute representation.
- (12) Taxpayers shall have the right to make audio recordings of the hearing before the county board of assessment appeals. The property valuation administrator may make similar audio recordings only if prior written notice is given to the taxpayer. The taxpayer shall be entitled to a copy of the department's recording as provided in KRS 61.874.
- (13) The county board of assessment appeals shall physically inspect a property upon the request of the property owner or property valuation administrator.
- ➔Section 43. KRS 133.180 is amended to read as follows:
- (1) When the department ~~of Revenue~~ has completed its action on the assessment of property in any county, it shall immediately certify to the county clerk the assessment and the amount of taxes due. The department ~~of~~

~~Revenue~~ shall charge the amount of taxes due from the county to the sheriff of the county. When any item of property is in process of appeal and the valuation has not been finally determined, the certification of such property shall be based on the valuation claimed by the taxpayer as the true value. The county clerk shall affix the certification to the tax books and enter it of record in the order book, and it shall be the sheriff's or collector's warrant for the collection of taxes.

- (2) ***Where provision is not otherwise made for the collection of taxes, the assessment or proportion thereof allocable to a local taxing district shall be certified to the county clerk in which the taxing district is located, for collection as provided by law.***

➔Section 44. KRS 133.220 is amended to read as follows:

- (1) The department annually shall furnish to each county clerk tax bill forms designed for adequate accounting control sufficient to cover the taxable property on the rolls.
- (2) After receiving the forms, the county clerk shall prepare for the use of the sheriff or collector a correct tax bill for each taxpayer in the county whose property has been assessed and whose valuation is included in the certification provided in KRS 133.180. If the bills are bound, the cost of binding shall be paid out of the county levy. Each tax bill shall show the rate of tax upon each one hundred dollars (\$100) worth of property for state, county, and school purposes; the name of the taxpayer and his ***or her*** mailing address; the number of acres of farm land and its value; the number of lots and their value; the amount and value of notes and money; the value of mixed personal property; ~~and~~ the total amount of taxes due the state, county, school ~~district~~~~fund~~, and ***any other taxing district for which the sheriff collects taxes; and shall include a statement that notifies the taxpayer that costs and fees increase substantially if the taxes become delinquent***~~levies~~. Provision shall be made for the sheriff to have a stub, duplicate, or other proper evidence of receipt of payment of each tax bill.
- (3) Tax bills prepared in accordance with the certification of the department shall be delivered to the sheriff or collector by the county clerk before September 15 of each year. The clerk shall take a receipt showing the number of tax bills and the total amount of tax due each taxing district as shown upon the tax bills. The receipt shall be signed and acknowledged by the sheriff or collector before the county clerk, filed with the county judge/executive, and recorded in the order book of the county judge/executive in the manner required by law for recording the official bond of the sheriff.
- (4) Upon delivery to him ***or her*** of the tax bills, the sheriff or collector shall mail a notice to each taxpayer, showing the total amount of taxes due the state, county, school ~~district~~~~fund~~, and ***any other taxing district for which the sheriff collects taxes***~~levies~~, the date on which the taxes are due, and any discount to which the taxpayer may be entitled upon payment of the taxes prior to a designated date. ***The sheriff shall not mail tax notices prior to September 15.***
- (5) All notices returned as undeliverable shall be submitted no later than the following work day to the property valuation administrator. The property valuation administrator shall correct inadequate or erroneous addresses if the information to do so is available and, if property has been transferred, shall determine the new owner and the current mailing address, or the in-care-of address reflected in the deed as required by KRS 382.135. The property valuation administrator shall return the corrected notices to the sheriff or collector on a daily basis as corrections are made, but no later than fifteen (15) days after receipt. Uncorrected notices shall be submitted to the department by the property valuation administrator.

➔Section 45. KRS 133.250 is amended to read as follows:

- (1) The department ~~of Revenue~~ shall conduct sales-assessment ratio studies for each county and shall submit the ratio to each property valuation administrator by September 1 of each year or within thirty (30) days of submission of the property valuation administrator's final recapitulation to the department as provided for in KRS 133.125, whichever date is later. Randomly selected sample appraisals shall be conducted by the department ~~of Revenue~~ for each class of real property in each county no less than once every two (2) years to supplement sales data used in the assessment ratio study and to verify and enhance the statistical validity of the ratio study in determining measures of central tendency and variation.
- (2) The property valuation administrator shall begin revaluation of property in his ***or her*** county, in preparation for the following year's property assessment, immediately following submission of the final recapitulation to the department ~~of Revenue~~ as provided for in KRS 133.125.

- (3) By January 30 of each year, the department~~[of Revenue]~~ shall cause to be published in the newspaper of largest circulation in each county, a listing of the percentage of fair cash value attainment of real property assessments as calculated by assessment ratio studies which shall be conducted by the Department of Revenue.
- (4) *The department shall conduct a special audit to determine the presence or absence of chronic underassessment, as defined in Section 39 of this Act, in any county for which the sales-assessment ratio studies conducted under the provisions of this section indicates a ratio below eighty percent (80%) for two (2) consecutive calendar years. The audit may be conducted through the use of randomly-selected sample appraisals or other means reasonably calculated to present an accurate determination of assessment practices in the county.*

➔Section 46. KRS 135.040 is amended to read as follows:

- (1) On the return of "no property found" on an execution issued upon a judgment in favor of the state, the Department of Revenue may institute equitable proceedings in the Franklin Circuit Court or any other court of competent jurisdiction, in the name of the state and on the relation of the commissioner of revenue. The choses in action or other equitable estate of the delinquent shall be subjected to the payment of the amount due on any such execution.
- (2) On the return to the fiscal court *or the county clerk* of any tax bill as uncollectible, a like suit may be instituted in the name of the state on the relation of the commissioner of revenue in any court of competent jurisdiction, and the choses in action or other equitable estate of the delinquent may be subjected to the amount due on any such tax bill. In such proceedings attachment may issue and other proceedings may be taken as are authorized on the return of "no property found" on an execution in favor of individuals.
- (3) The county attorneys of the respective counties shall assist the Department of Revenue in prosecuting the actions mentioned in this section.
- (4) No action shall be maintained under the provisions of subsection (1) of this section when the last execution issued has been returned "no property found" more than ten (10) years before the institution of the action, nor shall an action be maintained on the uncollectible tax bill under the provisions of subsection (2) of this section more than five (5) years after the date of the return by the sheriff or collector.
- (5) Every person against whom an execution has been returned "no property found" and upon which an equitable action is instituted, as provided in subsection (1) of this section, shall be liable for a penalty of twenty percent (20%) of the amount due on the execution. The penalty may be recovered in the action, with the amount due on the execution. The penalty shall go to the delinquent tax fund provided for under *Section 26 of this Act*~~[KRS 134.400]~~, unless the county attorney assists in the prosecution, in which case one-half (1/2) shall go to *the county attorney*~~[him]~~.

➔Section 47. KRS 136.180 is amended to read as follows:

- (1) The Department of Revenue 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 department 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 *subsection (6) of Section 2 of this Act*~~[KRS 134.390]~~ shall apply to the tax bill.
- (3) The Department of Revenue 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 Department of Revenue 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 Department of Revenue. The local taxes collected by the Department of Revenue 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 Department of Revenue by any local taxing district under the provisions of subsection (6) of this section shall be deducted.
- (5) The Department of Revenue shall bill, collect, and distribute all state and local property taxes for common carrier water transportation companies. Any fees owed to the Department of Revenue 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 department shall pay an annual fee to the department which represents an allocation of department operating and overhead expenses incurred in generating the valuations. This fee shall be determined by the department and shall apply to valuations for tax periods beginning on or after December 31, 1981.

➔Section 48. KRS 136.1804 is amended to read as follows:

- (1) The department shall notify the corporation of the assessed value of its watercraft by July 1 of each year. The corporation shall have forty-five (45) days from the date of the department's notice of 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 corporation shall pay to the department all state and local taxing district taxes due on the undisputed value of its watercraft as stated in the protest filed under KRS 131.110. When the valuation is finally determined upon appeal, the corporation 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 the assessment had not been appealed. The provisions of *subsection (6) of Section 2 of this Act* ~~[KRS 134.390]~~ shall apply to the tax bill.
- (3) The state and local taxing district taxes on the watercraft are due forty-five (45) days from the date of notice of assessment. The tangible property taxes on watercraft shall be collected in accordance with the provisions of *KRS Chapter 134* ~~[KRS 134.020]~~.
- (4) The state rate of taxation on watercraft shall be forty-five cents (\$0.45) upon each one hundred dollars (\$100) of assessed value of the watercraft.
- (5) The department shall annually calculate an aggregate local rate, which shall be imposed upon each one hundred dollars (\$100) of assessed value of the watercraft.
 - (a) The aggregate local rate shall be the sum of each local personal property tax rate for each local taxing district multiplied by a fraction, the numerator of which shall be the length of the navigable waterways in the local taxing district and the denominator of which shall be the total of the length of all navigable waterways in this state. Both the numerator and the denominator shall be adjusted, if necessary, by paragraph (b) of this subsection.
 - (b) For purposes of computing the local property tax rate in paragraph (a) of this section, the length of the navigable waterways of the Green River shall be reduced by fifty percent (50%) and the length of the navigable waterways of the Kentucky River shall be reduced by seventy-five percent (75%).
- (6) The watercraft taxes collected for local taxing districts by the department shall be distributed to each local taxing district based upon the local taxing district's fractional portion of the amount calculated in subsection (5) of this section.
- (7) Prior to distribution of taxes to local taxing districts, the department shall retain an administrative fee of one percent (1%) of the amount due each district. The fee imposed by this subsection shall have no effect upon the discount provided to taxpayers pursuant to *Section 2 of this Act* ~~[KRS 134.020(2)]~~.

➔Section 49. KRS 136.1877 is amended to read as follows:

The provisions of this section shall apply to assessments made prior to January 1, 2007.

- (1) The Department of Revenue 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 department in the manner outlined in KRS 136.1873 shall have forty-five (45) days from the date of the department'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 *subsection (6) of Section 2 of this Act* ~~[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 Department of Revenue.
- (4) The Department of Revenue 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 Department of Revenue 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 Department of Revenue by any local taxing district under the provisions of KRS 136.180(6) shall be deducted.

➔Section 50. KRS 136.320 is amended to read as follows:

- (1) Each life insurance company incorporated under the laws of and doing business in Kentucky shall value as of January 1 and report to the Department of Revenue by April 1 each year, on forms prescribed by the Department of Revenue, the following:
 - (a) The fair cash value of the company's intangible personal property, hereinafter referred to as "capital," consisting of all money in hand, shares of stock, notes, bonds, accounts, and other credits, exclusive of due and deferred premiums, whether secured by mortgage, pledge, or otherwise, or unsecured.
 - (b) The fair cash value of the company's intangible personal property exempt from taxation by law.
 - (c) The aggregate amount of the company's reserves, reduced by the amount of due and deferred premiums, maintained in accordance with the applicable provisions of KRS 304.6-040 and 304.6-130 to 304.6-180, on all outstanding policies and contracts supplementary thereto.
 - (d) Other information as may be required by the Department of Revenue to accurately determine the fair cash value of each company's "taxable capital" and "taxable reserves."
- (2) Based on information supplied by each company and other information that may be available, the Department of Revenue shall value each company's "taxable capital" and "taxable reserves" as follows:
 - (a) "Taxable capital" shall be determined by deducting "taxable reserves" from "capital," less exempt intangible personal property.
 - (b) "Taxable reserves" shall be determined by multiplying the aggregate amount of reserves as computed in subsection (1)(c) of this section by the percentage determined by dividing "capital," less exempt intangible personal property, by "capital," including exempt intangible personal property.
- (3) (a) An annual tax for state purposes shall be imposed against the fair cash value of "taxable capital" for calendar years beginning before 2000, at a rate of seventy cents (\$0.70) on each one hundred dollars (\$100).

- (b) An annual tax for state purposes shall be imposed against every company making an election pursuant to KRS 136.335 to be taxed under this section, against the fair cash value of taxable capital for calendar years beginning in 2000 as follows:
1. For calendar year 2000, fifty-six cents (\$0.56) on each one hundred dollars (\$100);
 2. For calendar year 2001, forty-two cents (\$0.42) on each one hundred dollars (\$100);
 3. For calendar year 2002, twenty-eight cents (\$0.28) on each one hundred dollars (\$100);
 4. For calendar year 2003, fourteen cents (\$0.14) on each one hundred dollars (\$100); and
 5. For calendar year 2004 and each calendar year thereafter, one tenth of one cent (\$0.001) on each one hundred dollars (\$100).
- (c) An annual tax for state purposes shall be imposed at a rate of one-tenth of one cent (\$0.001) on each one hundred dollars (\$100) of the fair cash value of "taxable reserves".
- (d) Beginning in tax year 2004 an insurer may offset the tax liability imposed under this subsection against the tax liability imposed under subsection (4) of this section.
- (4) For calendar year 2000, and each calendar year thereafter, every company subject to the tax imposed by subsection (3) of this section, and making an election pursuant to KRS 136.335 to be taxed under this section, shall pay the following rates of tax upon each one hundred dollars (\$100) of premium receipts:
- (a) For calendar year 2000, thirty-eight cents (\$0.38);
 - (b) For calendar year 2001, seventy-two cents (\$0.72);
 - (c) For calendar year 2002, one dollar and two cents (\$1.02);
 - (d) For calendar year 2003, one dollar and twenty-eight cents (\$1.28); and
 - (e) For calendar year 2004 and each calendar year thereafter, one dollar and fifty cents (\$1.50).
- Every company subject to the tax imposed by this subsection shall, by March 1 of each year, return to the Department of Revenue a statement under oath of all premium receipts on business done in this state during the preceding calendar year or since the last return was made. "Premium receipts" includes single premiums, premiums received for original insurance, premiums received for renewal, revival, or reinstatement of the policies, annual and periodical premiums, dividends applied for premiums and additions, and all other premium payments received on policies that have been written in this state, or on the lives of residents of this state, or out of this state on business done in this state, less returned premiums. No deduction shall be made for dividends on life insurance but dividends on accident and health insurance policies may be deducted.
- (5) The taxes imposed under subsections (3) and (4) of this section shall be in lieu of all excise, license, occupational, or other taxes imposed by the state, county, city, or other taxing district, except as provided in subsections (6) and (7) of this section.
- (6) The county in which the principal office of the company is located may impose a tax of fifteen cents (\$0.15) on each one hundred dollars (\$100) of "taxable capital."
- (7) The city in which the principal office of the company is located may impose a tax of fifteen cents (\$0.15) on each one hundred dollars (\$100) of "taxable capital."
- (8) The Department of Revenue shall by September 1 each year bill each company for the state taxes. It shall immediately certify to the county clerk of the county in which the principal office of the company is located the value of "taxable capital" subject to local taxation. The county clerk shall prepare and deliver a bill to the sheriff for collection of taxes collectible by the sheriff and shall certify the value to all other collecting officers of districts authorized to levy a tax.
- (9) Each company's real and tangible personal property shall be subject to taxation at fair cash value by the state, county, school, and other taxing districts in which the property is located in the same manner and at the same rates as all other property of the same class.
- (10) Taxes on property subject to taxation under this section shall be subject to the same discount and penalties as provided in *Section 2 of this Act* ~~KRS 134.020~~ and shall be collected in the same manner as taxes on property

locally assessed, except that the state tax on the "taxable capital" and "taxable reserves" shall be collected directly by the Department of Revenue.

- (11) Any taxpayer subject to taxation under this section may protest in the manner provided in KRS 131.110.

➔Section 51. KRS 138.715 is amended to read as follows:

- (1) If any licensee neglects or refuses to make the return or pay the tax at the time provided in KRS 138.685, a penalty of twenty percent (20%) of the tax and interest at the tax interest rate as defined in KRS 131.010(6) from the date when due shall be paid on the tax.
- (2) If any licensee subject to the penalty provided in subsection (1) of this section submits to the ~~department~~ ~~cabinet~~ in writing the reasons for failure to comply with KRS 138.660 to 138.7291 and if the ~~department~~ ~~cabinet~~ finds the reasons sufficient evidence or justifiable cause for modifying the penalty provided in subsection (1) of this section, it may modify the penalty enacted therein to five percent (5%) of the amount of the tax due and delinquent, provided the five percent (5%) penalty may be reduced to one percent (1%) if the violation is the first violation by the taxpayer within the twelve (12) months.
- (3) If the penalties provided by this section are collected by proceedings in court, an additional penalty of twenty percent (20%) shall be collected and distributed as is authorized by *Section 26 of this Act*~~KRS 134.400 and 135.060~~. Whenever any licensee neglects or refuses to make and file any report for any calendar quarter as required by KRS 138.685, or files an incorrect or fraudulent report, the ~~department~~ ~~cabinet~~ shall determine after an investigation the amount of the liability which the licensee has incurred under KRS 138.660 to 138.7291 for any particular quarter and assess and collect the amount of tax and penalties due.
- (4) Any licensee who fails to make any report required under the provisions of KRS 138.660 to 138.7291 within the time allowed may be required to pay a penalty of fifty dollars (\$50) for a first offense, two hundred fifty dollars (\$250) for a second offense, or five hundred dollars (\$500) for any subsequent offense within any four (4) year period. The penalty is to be assessed and collected in the manner provided for the assessment and collection of taxes, or the licensee may be proceeded against in a civil action instigated by the ~~department~~ ~~cabinet~~. In addition, such licensee may be compelled to make the required return.
- (5) In any action for the collection of taxes due under KRS 138.660 to 138.7291 and any penalties or interest imposed in connection therewith, an assessment by the ~~department~~ ~~cabinet~~ of the amount of tax due and the interest or penalties due to the state shall constitute prima facie evidence of the claim of the state and the burden of proof shall be on the licensee to show that the assessment was incorrect or contrary to law.

➔Section 52. KRS 138.880 is amended to read as follows:

- (1) Each Commonwealth's attorney or county attorney in this state who obtains a conviction of, or a guilty or Alford plea from, an offender for violating KRS Chapter 218A shall, within seventy-two (72) hours after the conviction or the plea, notify the ~~department~~ ~~of Revenue~~ in writing if the offender has not paid the tax imposed by KRS 138.872 as evidenced by the absence of the tax stamps, labels, or other official tax indicia required to be affixed to the marijuana or controlled substance that was the subject of the conviction or plea. The weight or dosage units prescribed in this subsection shall include the weight of the marijuana or the weight or dosage units of the controlled substance, whether pure, impure, or diluted. The notice required in this subsection shall be submitted in the manner prescribed by the ~~department of~~ ~~Revenue~~ and shall include:
 - (a) The name, address, and Social Security number of the offender from whom the conviction or plea was obtained;
 - (b) The type and quantity of the items that were the subject of the conviction or plea;
 - (c) Any information developed during the course of the investigation regarding any real or personal properties owned by the offender from whom the conviction or plea was obtained; and
 - (d) Other information the Department of Revenue may require to facilitate the assessment and collection of the tax due pursuant to KRS 138.872.
- (2) To facilitate collection of the tax due pursuant to KRS 138.872, the Commonwealth's attorney or county attorney shall, as an authorized agent of the ~~department~~ ~~of Revenue~~, simultaneously file a copy of the notice required pursuant to subsection (1) of this section with:
 - (a) The county clerk of the county in which the conviction or the guilty or Alford plea was entered;

- (b) The county clerk of the county in which the offender resides if different from the county in which the conviction or plea was entered;
 - (c) The county clerk of any other county in which the Commonwealth's attorney or county attorney reasonably believes the offender from whom the conviction or plea was obtained owns real or personal property; and
 - (d) Each financial institution or other custodian the Commonwealth's attorney or county attorney reasonably believes possesses any funds, safe deposit box, or other assets owned in whole or in part by the offender from whom the conviction or plea was obtained.
- (3) The notice required by subsection (2) of this section shall be a lien in favor of the Commonwealth pursuant to **Section 33 of this Act** ~~[KRS 134.420]~~ to secure payment of the tax, penalty, and interest due. The tax shall be and remain a lien upon the property, and all property subsequently acquired, and may be enforced as other liens on similar property are enforced. The lien may be released only upon written notice from the department ~~[of Revenue]~~ that:
- (a) The tax, penalty and interest due pursuant to KRS 138.872 and 138.889 have been paid;
 - (b) A bond has been given to the department ~~[of Revenue]~~ as provided in KRS 131.150; or
 - (c) The tax, penalty, and interest are determined by the department ~~[of Revenue]~~ not to be due.
- (4) The county clerk recording or releasing a state tax lien pursuant to this section shall be entitled to the fee prescribed therefor by KRS 64.012.
- (5) Except as necessary to accept taxes that the offender voluntarily pays under KRS 138.874, the department ~~[of Revenue]~~ shall not require a bond or otherwise attempt to collect the tax due under KRS 138.874 until the offender's taxable activity results in a conviction or a guilty or Alford plea for a violation of KRS Chapter 218A. However, the department ~~[of Revenue]~~ may impose a notice of lien on issuance of a warrant or indictment, which shall be released upon acquittal or dismissal of the case.

➔Section 53. KRS 15.460 is amended to read as follows:

- (1) Beginning July 15, 1998, an eligible local unit of government shall be entitled to receive annually a supplement of two thousand seven hundred fifty dollars (\$2,750) for each qualified police officer it employs, and beginning on July 1, 1999, an annual supplement of three thousand dollars (\$3,000) for each qualified police officer it employs, plus an amount equal to the required employer's contribution on the supplement to the defined benefit pension plan to which the officer belongs, but no more than the required employer's contribution to the County Employees Retirement System hazardous duty category. In the case of County Employees Retirement System membership, the pension contribution on the supplement shall be paid whether the officer enters the system under hazardous duty coverage or nonhazardous coverage. The local unit of government shall pay the amount received for retirement coverage to the appropriate retirement system to cover the required employer contribution on the pay supplement. Should the foundation program funds be insufficient to pay employer contributions to the system, then the total amount available for pension payments shall be prorated to each eligible government so that each receives the same percentage of required pension costs attributable to the cash salary supplement.
- (2) Each qualified police officer, whose local government receives a supplement pursuant to subsection (1) of this section, shall be paid by the local government the supplement which his *or her* qualifications brought to the local government. The supplement paid each police officer shall be in addition to his *or her* regular salary.
- (3)
 - (a) Each qualified sheriff who receives the maximum salary allowed by Section 246 of the Kentucky Constitution and KRS 64.527 shall not receive a supplement.
 - (b) Each qualified sheriff who does not receive the maximum salary allowed by Section 246 of the Kentucky Constitution and KRS 64.527, excluding the expense allowance provided by KRS 70.170, shall upon *annual* ~~[final]~~ settlement with the fiscal court under **Section 22 of this Act** ~~[KRS 134.310]~~, receive that portion of the supplement that will not cause his *or her* compensation to exceed the maximum salary.
 - (c) Each qualified sheriff who seeks to participate in the fund shall forward a copy of the *annual* ~~[final]~~ settlement prepared under **Section 22 of this Act** ~~[KRS 134.310]~~ to the fund. The sheriff shall reimburse

the fund if an audit of the ~~annual~~~~final~~ settlement conducted pursuant to *Section 22 of this Act*~~KRS 134.310~~ reflects that the sheriff received all or a portion of the supplement in violation of this section. A sheriff who fails to provide a copy of the ~~annual~~~~final~~ settlement to the fund or to reimburse the fund after correction by audit, if required, shall not be qualified to participate in the fund for a period of two (2) years.

- (d) Each qualified deputy sheriff shall receive the supplement from the sheriff if the sheriff administers his *or her* own budget or from the county treasurer if the sheriff pools his *or her* fees. The failure of a sheriff to comply with the provisions of this section shall not affect the qualification of his *or her* deputies to participate in the fund.

➔Section 54. KRS 45.241 is amended to read as follows:

- (1) As used in this section:
- (a) "Debt" means a sum certain which has been certified by an agency as due and owing;
 - (b) "Liquidated debt" means a legal debt for a sum certain which has been certified by an agency as final due and owing, all appeals and legal actions having been exhausted; and for the Court of Justice means a legal debt including any fine, fee, court costs, or restitution due the Commonwealth, which have been imposed by a final sentence of a trial court of the Commonwealth and for which the time permitted for payment pursuant to the provisions of KRS 23A.205(3) or ~~KRS~~ 24A.175(4) has expired;
 - (c) "Agency" means an organizational unit or administrative body in the executive branch of state government, as defined in KRS 12.010;
 - (d) "Department" means the Department of Revenue;
 - (e) "Court of Justice" means the Administrative Office of the Courts, all courts, and all clerks of the courts;
 - (f) "Forgivable loan agreement" means a loan agreement entered into between an agency and a borrower that establishes specific conditions, which, if satisfied by the borrower, allows the agency to forgive a portion or all of the loan; and
 - (g) "Improper payment" means a payment made to a vendor, provider, or recipient due to error, fraud, or abuse.
- (2) Each agency and the Court of Justice shall develop, maintain, and update in a timely manner an ongoing inventory of each debt owed to it, including debts due to improper payments, and shall make every reasonable effort to collect each debt. Within sixty (60) days after the identification of a debt, each agency shall begin administrative action to collect the debt.
- (3) The Auditor of Public Accounts shall review each agency's debt identification and collection procedures as part of the annual audit of state agencies.
- (4) An agency shall not forgive any debt owed to it unless that agency has entered into a forgivable loan agreement with a borrower, or unless otherwise provided by statute.
- (5) For those agencies without statutory procedures for collecting debts, the Department of Revenue shall promulgate administrative regulations in accordance with KRS Chapter 13A to prescribe standards and procedures with which those agencies shall comply regarding collection of debts, notices to persons owing debt, information to be monitored concerning the debts, and an appeals process.
- (6) Each agency and the Court of Justice shall identify all liquidated debts, including debts due to improper payments, and shall submit a list of those liquidated debts in the form and manner prescribed by the department to the department for review. The department shall review the information submitted by the agencies and the Court of Justice and shall, within ninety (90) days of receipt of the information, determine whether it would be cost-effective for the department to further pursue collection of the liquidated debts.
- (a) The department may, after consultation with the agency or the Court of Justice, return the liquidated debt to the entity submitting the liquidated debt if:
 1. The request for review contains insufficient information; or
 2. The debt is not feasible to collect.

- Any return of a liquidated debt shall be in writing, and shall state why the debt is being returned.
- (b) The department shall identify in writing, to the submitting agency or the Court of Justice, the liquidated debts it has determined that it can pursue in a cost-effective manner, and the agency or Court of Justice shall officially refer the identified liquidated debts to the cabinet for collection.
 - (c) The agency and the Court of Justice shall retain a complete record of all liquidated debts referred to the department for collection until the debt is collected or forgiven.
 - (d) Each agency and the Court of Justice shall make appropriate accounting of any uncollected debt as prescribed by law.
- (7) (a) If the agency recovers the debt funds prior to referral to the department~~{of Revenue}~~, the agency shall retain the collected funds in accordance with its statutory authority.
- (b)
 1. Upon referral of a liquidated debt to the department~~{of Revenue}~~, the liquidated debt shall accrue interest from the time of referral until paid, and a twenty-five percent (25%) collection fee shall attach unless the interest and collection fee are waived by the department~~{of Revenue}~~.
 2. The collection fee and interest shall be in addition to any other costs accrued prior to the time of referral.
 3. The department may deduct and retain from the liquidated debt recovered an amount equal to the lesser of the collection fee or the actual expenses incurred in the collection of the debt.
 4. Any funds recovered by the department~~{of Revenue}~~ after the deduction of the department's cost of collection expenses may, at the discretion of the secretary of the Finance and Administration Cabinet, be returned to the agency identifying the liquidated debt or to the Court of Justice for allocation as otherwise provided by law. If the recovered funds and interest are not returned to the agency or Court of Justice, the amounts shall be deposited in the general fund, except for Medicaid benefits funds and funds required by law to be remitted to a federal agency, which shall be remitted as required by law.
 - (c) Nothing in this section shall prohibit the department~~{of Revenue}~~ from entering into a memorandum of agreement with an agency pursuant to KRS 131.130(11), for collection of debts prior to liquidation. If an agency enters into an agreement with the department, the agency shall retain funds collected according to the provisions of the agreement.
 - (d) This section shall not affect any agreement between the department and an agency entered into under KRS 131.130(11) that is in effect on July 13, 2004, that provides for the collection of liquidated debts by the department on behalf of the agency.
 - (e) This section shall not affect the collection of delinquent taxes by county attorneys under *Section 12 of this Act*~~{KRS 134.500}~~.
 - (f) This section shall not affect the collection of performance or reclamation bonds.
- (8) Upon receipt of a referred liquidated debt and after its determination that the debt is feasible and cost-effective to collect, the department~~{of Revenue}~~ shall pursue collection of the referred debt in accordance with KRS 131.030.
- (9) By administrative regulation promulgated under KRS Chapter 13A, the department~~{of Revenue}~~ shall prescribe the electronic format and form of, and the information required in, a referral.
- (10) (a) The department~~{of Revenue}~~ shall report annually by October 1 to the Interim Joint Committee on Appropriations and Revenue on the collection of debts, including debts due to improper payments. The report shall include the total amount by agency and fund type of liquidated debt that has been referred to the department; the amount of each referring agency's liquidated debt, by fund type, that has been collected by the department; and the total amount of each referring agency's liquidated debt, by fund type, that the department determined to be cost-ineffective to collect, including the reasons for the determinations.
- (b) Each cabinet shall report annually by October 1 to the Interim Joint Committee on Appropriations and Revenue on:

1. The amount of previous fiscal year unliquidated debt by agency, including debts due to improper payments, fund type, category, and age, the latter to be categorized as less than one (1) year, less than five (5) years, less than ten (10) years, and over ten (10) years; and
 2. The amount, by agency, of liquidated debt, including debts due to improper payments, not referred to the department~~[of Revenue]~~; a summary, by criteria listed in subsection (6)(a) of this section, of reasons the department~~[of Revenue]~~ provided for not requesting referral of those liquidated debts; and a summary of the actions each agency is taking to collect those liquidated debts.
- (c) Beginning on October 1, 2005, the Court of Justice shall report annually by October 1 of each year to the Interim Joint Committee on Appropriations and Revenue the amount of previous fiscal year unliquidated debt by county and whether in the Circuit Court or District Court; and fund type and age, the latter categorized as less than one (1) year, less than five (5) years, less than ten (10) years, and over ten (10) years. The first year for which the Court of Justice shall be required to report is the fiscal year beginning on July 1, 2004 and ending on June 30, 2005. The Court of Justice shall not be required to report unliquidated debts in existence prior to July 1, 2004.
- (d) The Finance and Administration Cabinet shall report annually by October 1 to the Interim Joint Committee on Appropriations and Revenue on the amount of the General Government Cabinet's unliquidated debt by agency, fund type, and age, the latter categorized as less than one (1) year, less than five (5) years, less than ten (10) years, and over ten (10) years.
- (11) At the time of submission of a liquidated debt to the department~~[of Revenue]~~ for review, the referring agency or the Court of Justice shall provide information about the debt to the State Treasurer for the Treasurer's action under KRS 44.030(1).

➔Section 55. KRS 46.040 is amended to read as follows:

Except as provided in *Section 21 of this Act*~~[KRS 134.320]~~, all county, district and other local officers authorized to collect money for the state shall, on the last day of each month, report to the Finance and Administration Cabinet and pay into the State Treasury all such funds on hand.

➔Section 56. KRS 64.012 is amended to read as follows:

The county clerk shall receive for the following services the following fees:

- (1) (a) Recording and indexing of a:
 1. Deed of trust or assignment for the benefit of creditors;
 2. Deed;
 3. Real estate mortgage;
 4. Deed of assignment;
 5. Real estate option;
 6. Power of attorney;
 7. Revocation of power of attorney;
 8. Lease which is recordable by law;
 9. Deed of release of a mortgage or lien under KRS 382.360;
 10. United States lien;
 11. Release of a United States lien;
 12. Release of any recorded encumbrance other than state liens;
 13. Lis pendens notice concerning proceedings in bankruptcy;
 14. Lis pendens notice;
 15. Mechanic's and artisan's lien under KRS Chapter 376;

- 16. Assumed name;
- 17. Notice of lien issued by the Internal Revenue Service;
- 18. Notice of lien discharge issued by the Internal Revenue Service;
- 19. Original, assignment, amendment, or continuation financing statement;
- 20. Making a record for the establishment of a city, recording the plan or plat thereof, and all other service incident;
- 21. Survey of a city, or any part thereof, or any addition to or extensions of the boundary of a city;
- 22. Recording with statutory authority for which no specific fee is set, except a military discharge; and
- 23. Filing with statutory authority for which no specific fee is set.

For all items in this subsection if the entire thereof does not exceed
 three (3) pages \$12.00
 And, for all items in this subsection exceeding three (3) pages,
 for each additional page \$3.00
 And, for all items in this subsection for each additional reference
 relating to same instrument \$4.00

(b) The twelve dollar (\$12) fee imposed by paragraph (a) of this subsection shall be divided as follows:

- 1. Six dollars (\$6) shall be retained by the county clerk; and
- 2. Six dollars (\$6) shall be paid to the affordable housing trust fund established in KRS 198A.710 and shall be remitted by the county clerk within ten (10) days following the end of the quarter in which the fee was received. Each remittance to the affordable housing trust fund shall be accompanied by a summary report on a form prescribed by the Kentucky Housing Corporation.

- (2) Recording and indexing a file-stamped copy of documents pertaining to corporations authorized by KRS Chapter 271B., 272, 273, 274, 275, or 279 that have been filed first with the Secretary of State:
 - (a) The entire record thereof does not exceed three (3) pages \$10.00
 - (b) And, exceeding three (3) pages, for each additional page \$3.00
- (3) Recording wills or other probate documents pursuant to KRS Chapter 392 or 394 \$ 8.00
- (4) Recording court ordered name changes pursuant to KRS Chapter 401 \$ 8.00
- (5) For noting a security interest on a certificate of title pursuant to KRS Chapter 186A \$12.00
- (6) For filing the release of collateral under a financing statement and noting same upon the face of the title pursuant to KRS Chapter 186 or 186A \$5.00
- (7) Filing or recording state tax or other state liens \$5.00
- (8) Filing release of a state tax or other state lien \$5.00
- (9) Marginal release, noting release of any lien, mortgage, or redemption other than a deed of release \$8.00

(10)	Acknowledging or notarizing any deed, mortgage, power of attorney, or other written instrument required by law for recording and certifying same	\$4.00
(11)	Recording a land use restriction according to KRS 100.3681	\$15.00
(12)	Recording plats, maps, and surveys, not exceeding 24 inches by 36 inches, per page	\$20.00
(13)	Recording a bond, for each bond	\$10.00
(14)	Each bond required to be taken or prepared by the clerk	\$4.00
(15)	Copy of any bond when ordered	\$3.00
(16)	Administering an oath and certificate thereof	\$5.00
(17)	Issuing a license for which no other fee is fixed by law	\$8.00
(18)	Issuing a solicitor's license	\$15.00
(19)	Marriage license, indexing, recording, and issuing certificate thereof	\$24.00
(20)	Every order concerning the establishment, changing, closing, or discontinuing of roads, to be paid out of the county levy when the road is established, changed, closed, or discontinued, and by the applicant when it is not	\$3.00
(21)	Registration of licenses for professional persons required to register with the county clerk	\$10.00
(22)	Certified copy of any record	\$5.00
	Plus fifty cents (\$.50) per page after three (3) pages	
(23)	Filing certification required by KRS 65.070(1)(a)	\$5.00
(24)	Filing notification and declaration and petition of candidates for Commonwealth's attorney	\$200.00
(25)	Filing notification and declaration and petition of candidates for office in cities of the fifth or sixth class and candidates for county and independent boards of education	\$20.00
(26)	Filing notification and declaration and petition of candidates for boards of soil and water conservation districts	\$20.00
(27)	Filing notification and declaration and petition of candidates for other office \$50.00	
(28)	Filing declaration of intent to be a write-in candidate for office other than municipal office in a city of the fifth or sixth class	\$50.00
(29)	Filing declaration of intent to be a write-in candidate for municipal office in a city of the fifth or sixth class	\$20.00
(30)	Filing petitions for elections, other than nominating petitions	\$50.00
(31)	Notarizing any signature, per signature	\$2.00
(32)	Filing bond for receiving bodies under KRS 311.310	\$10.00

- (33) Noting the assignment of a certificate of delinquency *and recording and indexing the encumbrance* under *Section 8 or 9 of this Act*
~~[KRS 134.480]~~ \$27.00~~[10.00]~~
- (34) Filing a going-out-of-business permit under KRS 365.445 \$50.00
- (35) Filing a renewal of a going-out-of-business permit under KRS 365.445 \$50.00
- (36) Filing a grain warehouseman's license under KRS 359.050 \$10.00
- (37) Filing and processing a transient merchant permit under KRS 365.680 \$25.00

➔Section 57. KRS 65.375 is amended to read as follows:

- (1) If any party obtains a judgment against a tax delinquent property within the county for the taxes and, to satisfy the judgment, the property is ordered sold at a tax sale pursuant to KRS 91.504~~[, 134.190,]~~ or other provision of the Kentucky Revised Statutes, if no person bids an amount equal to the full amount of all tax bills, interest, and costs owing on the property at the sale, the authority shall be deemed to have bid the full amount of all tax bills, interest, and costs due to all parties of the authority regardless of whether or not they are all parties to the lawsuit. The authority shall not be required to make actual payment to the court for the amount deemed to have been bid. The court, notwithstanding any other provision of law, shall treat the amount deemed to have been bid as cash received. Upon proper motion by the authority, the court shall make a deed of the property to the "Land Bank Authority." The title to the property shall be an absolute estate in fee simple, free and clear of all tax bills, interests, and costs owing to the parties of the authority but shall be subject to rights of way of public utilities on which tax has otherwise been paid and subject to any right of redemption of the United States of America, if any.
- (2) When a property is acquired by the authority, all state, county, city, and school district taxes shall be extinguished.
- (3) At the time that the authority sells or otherwise disposes of property as part of its land bank program, the proceeds from the sale shall be distributed as follows:
 - (a) The party or parties bringing the action that resulted in the acquisition of the property by the land bank authority shall be reimbursed, to the extent proceeds are available, for all costs incurred; and
 - (b) Any remaining proceeds shall be distributed to the parties in proportion to their respective tax bills. Conveyance of a property to a party shall not constitute disposal.

➔Section 58. KRS 66.480 is amended to read as follows:

- (1) The governing body of a city, county, urban-county, charter county, school district (provided that its general procedure for action is approved by the Kentucky Board of Education), or other local governmental unit or political subdivision, may invest and reinvest money subject to its control and jurisdiction in:
 - (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including~~[,]~~ but not limited to~~[,]~~ national or state banks chartered in Kentucky;
 - (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - 1. United States Treasury;
 - 2. Export-Import Bank of the United States;
 - 3. Farmers Home Administration;
 - 4. Government National Mortgage Corporation; and
 - 5. Merchant Marine bonds;
 - (c) Obligations of any corporation of the United States government, including but not limited to:

1. Federal Home Loan Mortgage Corporation;
 2. Federal Farm Credit Banks;
 3. Bank for Cooperatives;
 4. Federal Intermediate Credit Banks;
 5. Federal Land Banks;
 6. Federal Home Loan Banks;
 7. Federal National Mortgage Association; and
 8. Tennessee Valley Authority;
- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- (f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- (g) Commercial paper rated in the highest category by a nationally recognized rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and
- (j) Shares of mutual funds, each of which shall have the following characteristics:
1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- (2) The investment authority provided by subsection (1) of this section shall be subject to the following limitations:
- (a) The amount of money invested at any time by a local government or political subdivision in one (1) or more of the categories of investments authorized by **subsection**~~subsections~~ (1)(e), (f), (g), and (i) of this section shall not exceed twenty percent (20%) of the total amount of money invested by the local government; and
 - (b) No local government or political subdivision shall purchase any investment authorized by subsection (1) on a margin basis or through the use of any similar leveraging technique.
- (3) The governing body of every local government or political subdivision that invests or reinvests money subject to its control or jurisdiction according to the provisions of subsection (1) of this section shall by January 1, 1995, adopt a written investment policy that shall govern the investment of funds by the local government or political subdivision. The written investment policy shall include~~[-]~~ but shall not be limited to the following:
- (a) A designation of the officer or officers of the local government or political subdivision who are authorized to invest and oversee the investment of funds;
 - (b) A list of the permitted types of investments;
 - (c) Procedures designed to secure the local government's or political subdivision's financial interest in the investments;

- (d) Standards for written agreements pursuant to which investments are to be made;
 - (e) Procedures for monitoring, control, deposit, and retention of investments and collateral;
 - (f) Standards for the diversification of investments, including diversification with respect to the types of investments and firms with whom the local government or political subdivision transacts business;
 - (g) Standards for the qualification of investment agents which transact business with the local government, such as criteria covering creditworthiness, experience, capitalization, size, and any other factors that make a firm capable and qualified to transact business with the local government or political subdivision; and
 - (h) Requirements for periodic reporting to the governing body on the status of invested funds.
- (4) Sheriffs, county clerks, and jailers, who for the purposes of this section shall be known as county officials, ~~may, and at the direction of the fiscal court shall,~~ invest and reinvest money subject to their control and jurisdiction, including tax dollars subject to the provisions of *KRS Chapter 134* ~~[KRS 134.300, 134.320]~~, and 160.510, as permitted by this section.
- (5) The provisions of this section are not intended to impair the power of a county official, city, county, urban-county, charter county, school district, or other local governmental unit or political subdivision to hold funds in deposit accounts with banking institutions as otherwise authorized by law.
- (6) The governing body or county official may delegate the investment authority provided by this section to the treasurer or other financial officer or officers charged with custody of the funds of the local government, and the officer or officers shall thereafter assume full responsibility for all investment transactions until the delegation of authority terminates or is revoked.
- (7) All county officials shall report the earnings of any investments at the time of their annual reports and settlements with the fiscal courts for excess income of their offices.
- (8) The state local debt officer is authorized and directed to assist county officials and local governments, ~~{except school districts,}~~ in investing funds that are temporarily in excess of operating needs by:
- (a) Explaining investment opportunities to county officials and local governments through publication and other appropriate means; and
 - (b) Providing technical assistance in investment of idle funds to county officials and local governments that request that assistance.
- (9) (a) The state local debt officer may create an investment pool for local governments, ~~{except school districts,}~~ and county officials; and counties and county officials and cities may associate to create an investment pool. If counties and county officials and cities create a pool, each group may select a manager to administer their pool and invest the assets. Each county and each county official and each city may invest in a pool created pursuant to this subsection. Investments shall be limited to those investment instruments permitted by this section. The funds of each local government and county official shall be properly accounted for, and earnings and charges shall be assigned to each participant in a uniform manner according to the amount invested. Charges to any local government or county official shall not exceed one percent (1%) annually on the principal amount invested, and charges on investments of less than a year's duration shall be prorated. Any investment pool created pursuant to this subsection shall be audited each year by an independent certified public accountant, or by the Auditor of Public Accounts. A copy of the audit report shall be provided to each local government or county official participating in the pool. In the case of an audit by an independent certified public accountant, a copy of the audit report shall be provided to the Auditor of Public Accounts, and to the state local debt officer. The Auditor of Public Accounts may review the report of the independent certified public accountant. After preliminary review, should discrepancies be found, the Auditor of Public Accounts may make his *or her* own investigative report or audit to verify the findings of the independent certified public accountant's report.
- (b) If the state local debt officer creates an investment pool, he *or she* shall establish an account in the Treasury for the pool. He *or she* shall also establish a separate trust and agency account for the purpose of covering management costs, and he *or she* shall deposit management charges in this account. The state local debt officer may *promulgate administrative* ~~issue~~ regulations, pursuant to KRS Chapter

13A, governing the operation of the investment pool, including but not limited to provisions on minimum allowable investments and investment periods, and method and timing of investments, withdrawals, payment of earnings, and assignment of charges.

- (c) Before investing in an investment pool created pursuant to this subsection, a local government or county official shall allow any savings and loan association or bank in the county, as described in subsection (1)(d) of this section, to bid for the deposits, but the local government or county official shall not be required to seek bids more often than once in each six (6) month period.
- (10) (a) With the approval of the Kentucky Board of Education, local boards of education, or any of them that desire to do so, may associate to create an investment pool. Each local school board which associates itself with other local school boards for the purpose of creating the investment pool may invest its funds in the pool so created and so managed. Investments shall be limited to those investment instruments permitted by this section. The funds of each local school board shall be properly accounted for, and earnings and charges shall be assigned to each participant in a uniform manner according to the amount invested. Charges to any local school board shall not exceed one percent (1%) annually on the principal amount invested, and charges on investments of less than a year's duration shall be prorated. Any investment pool created pursuant to this subsection shall be audited each year by an independent certified public accountant, or by the Auditor of Public Accounts. A copy of the audit report shall be provided to each local school board participating in the pool. In the case of an audit by an independent certified public accountant, a copy of the audit report shall be provided to the Auditor of Public Accounts, and to the Kentucky Board of Education. The Auditor of Public Accounts may review the report of the independent certified public accountant. After preliminary review, should discrepancies be found, the Auditor of Public Accounts may make his *or her* own investigative report or audit to verify the findings of the independent certified public accountant's report.
- (b) The Kentucky Board of Education may *promulgate*~~issue~~ administrative regulations governing the operation of the investment pool including~~g~~ but not limited to~~g~~ provisions on minimum allowable investments and investment periods, and methods and timing of investments, withdrawals, payment of earnings, and assignment of charges.

➔Section 59. KRS 70.020 is amended to read as follows:

- (1) The sheriff shall execute a bond for the faithful performance of the duties of his *or her* office. This bond shall be in addition to the bond required of him *or her* by *Section 24 of this Act*~~KRS 134.230~~ and shall be a minimum of ten thousand dollars (\$10,000), with sureties approved by the fiscal court, which shall enter the approval in its minutes and shall record the bond with the county clerk. The fiscal court shall require the sheriff to renew this bond annually, and more often if it deems proper.
- (2) No jailer, coroner, judge, county clerk, clerk of a Circuit Court, or attorney shall be surety for a sheriff on his official bond.

➔Section 60. KRS 67.938 is amended to read as follows:

- (1) The tax structure, tax rates, and level of services in effect in the county and in each of the participating cities upon the adoption of a unified local government shall remain in effect after the adoption of the unified local government and shall remain the same until changed by the newly elected unified local government legislative council.
- (2) In order to maintain the tax structure, tax rates, or level of services in the areas of the unified local government formerly comprising incorporated cities, the unified local government council may provide, in a manner described in this section, for taxes and services within the formerly incorporated cities that are different from the taxes and services which are applicable in the remainder of the unified local government. If a unified local government is formed that contains a participating city with a restaurant tax imposed pursuant to KRS 91A.400, the restaurant tax may be retained by the unified local government in the area of the participating city.
- (3) Any difference in the ad valorem tax rate on the class of property which includes the surface of the land in the portion of the county formerly comprising the incorporated cities, and the surface of the land in the portion of the county other than that formerly comprising the incorporated cities, may be imposed directly by the unified local government legislative council. Any change in these ad valorem tax rates shall comply with KRS 68.245, 132.010, 132.017, and 132.027 and shall be used for services as provided by KRS 82.085.

- (4) All delinquent taxes of a participating city in a unified local government shall be filed with the county clerk and shall be known as certificates of delinquency *or personal property certificates of delinquency* and shall be governed by the procedures set out in KRS Chapter 134, except that certificates of delinquency *and personal property certificates of delinquency* on former city tax bills ~~do not have to be advertised as set out in KRS 134.440 and~~ may be paid or purchased directly from the clerk under the provisions of *Sections 8 and 9 of this Act* ~~[KRS 134.480 without a sheriff's sale pursuant to KRS 134.450].~~

➔Section 61. KRS 67C.123 is amended to read as follows:

- (1) The tax structure, tax rates, and level of services in effect in the city of the first class and its county upon the adoption of a consolidated local government shall remain in effect after the adoption of the consolidated local government and shall remain the same until changed by the newly elected consolidated local government council.
- (2) All delinquent taxes of the former city of a first class in a consolidated local government shall be filed with the county clerk and shall be known as certificates of delinquency *or personal property certificates of delinquency* and shall be governed by the procedures set out in KRS Chapter 134, except that the ~~certificates [certificate]~~ of delinquency *and personal property certificates of delinquency* on tax bills of the former city of the first class ~~does not have to be advertised as set out in KRS 134.440 and~~ may be paid or purchased directly from the clerk under the provisions of *Sections 8 and 9 of this Act* ~~[KRS 134.480 without a sheriff's sale pursuant to KRS 134.450].~~
- (3) Notwithstanding the provisions of KRS 67C.115(2), all contracts, bonds, franchises, and other obligations of the city of the first class and of the county in existence on the effective date of a consolidated local government shall continue in force and effect as obligations of the consolidated local government and the consolidated local government shall succeed to all rights and entitlements thereunder. All conflicts in the provisions of the contracts, bonds, franchises, or other obligations shall be resolved in a manner that does not impair the rights of any parties thereto.

➔Section 62. KRS 92.810 is amended to read as follows:

In addition to those powers granted in this chapter for the collection of ad valorem taxes, any city of the second through the sixth class may enforce collection of any tax bill due it by the procedure authorized by the provisions of KRS 91.484 to 91.527, except the statute of limitations shall, in all cases, be that set forth in *Section 16 of this Act* ~~[KRS 134.420].~~

➔Section 63. KRS 149.580 is amended to read as follows:

- (1) The sheriff shall collect the assessment at the same time and in the same manner in which he *or she* collects the state and county ad valorem tax. He *or she* shall issue a receipt to the taxpayer, report to the county judge/executive, and make his *or her* annual and final settlements with the fiscal court at the same time and in the same manner provided by law for his *or her* report and settlement of county and state taxes.
- (2) Such assessments shall become due and payable on the date, and subject to the same discounts, delinquency date, and penalties provided in *Section 2 of this Act* ~~[KRS 134.020]~~ for state, county, and district taxes.

➔Section 64. KRS 160.500 is amended to read as follows:

- (1) School taxes shall be collected by the sheriff for county school districts and by the regular tax collector of the city or special tax collector for the independent school districts at the same time and in the same manner as other local taxes are collected, except as provided in this section and in KRS 160.510. The bond of the regular or special tax collector shall be made to cover ~~the [his]~~ duties as the tax collector of the school district or districts for which he *or she* collects taxes. The tax collector shall be entitled to a *commission* ~~[fee]~~ equal to *his or her expenses incurred in collecting the school taxes, provided that the commission shall* ~~[his expense but]~~ not *be* less than one and one-half percent (1.5%) *or more than* ~~[and not to exceed the rate of]~~ four percent (4%) *of the amount of school taxes collected, plus four percent (4%) of the amount of any interest earned on the amounts collected and invested by the tax collector prior to distribution to the school district* ~~[for the collection of school taxes, which fee may be charged only for collecting or receiving school taxes or school funds received from the local school levy].~~ No allowance shall be made for the collection of school taxes to any collecting officer who continues to collect taxes after ~~the [his]~~ term that would not be allowed him *or her* had he collected the taxes during his *or her* term.

- (2) An independent school district may select a special tax collector to collect its school taxes. ~~If an~~, ~~and in the event such~~ independent school district ~~selects~~~~does so select~~ a special tax collector, a majority of the members of the independent school district board of education shall fix a ~~commission~~~~fee~~ for ~~the~~~~such~~ special tax collector at a rate of not less than one and one-half percent (1.5%) and not more than four percent (4%) of the school taxes or school funds collected by ~~the~~~~such~~ special tax collector from the local school levy in such independent school district, **plus four percent (4%) of the amount of any interest earned on the amounts collected and invested by the tax collector prior to distribution to the school district.** The special tax collector shall be required to execute bond in the same manner as provided in KRS 160.560 for the execution of a treasurer's bond, and the penal sum of the bond shall not be less than the aggregate of the tax bills that come into the hands of the special tax collector.
- (3) The clerk shall include all school taxes on the regular tax bills furnished the tax collector ~~unless~~~~except in case~~ an independent district has selected a special tax collector, in which case the school taxes shall be listed by the clerk on a separate bill. The clerk shall be allowed a fee not to exceed three cents (\$0.03) for each separate school tax bill, to be paid by the independent district board of education.
- (4) The county clerk shall be the ad valorem tax collector for motor vehicle taxes for county and independent school districts, and shall receive a commission of four percent (4%) of all such moneys collected for any school district, which commission shall be deducted monthly before payment to the depository of the district board of education.
- (5) ~~For collections related to January 1, 1984 assessments other than motor vehicles, no county or independent school district shall fix a fee for the sheriff or special tax collector at a lesser percentage rate than was fixed in the prior year.~~
- ~~(6)~~ The General Assembly of Kentucky finds that commissions and fees set by the General Assembly for services performed in collecting ad valorem taxes by county clerks are the reasonable costs of collection by county clerks and their offices. The county clerk shall account for all funds collected to each taxing authority; however, in any accounting or settlement with district boards of education, the county clerk shall not be required to itemize any incremental costs in any accounting or settlement for ad valorem taxes collected.

➔Section 65. KRS 186.020 is amended to read as follows:

- (1) Before the owner of a motor vehicle, other than a motor vehicle engaged in the transportation of passengers for hire operating under a certificate of convenience and necessity, may operate it or permit its operation upon a highway, the owner shall apply for registration in accordance with administrative regulations promulgated by the cabinet, except that a person who purchases a motor vehicle, or brings a motor vehicle into the Commonwealth from another state shall make application for registration within fifteen (15) days. The bill of sale or assigned title must be in the motor vehicle during this fifteen (15) day period. If the owner of a motor vehicle is an individual and resides in the Commonwealth, the motor vehicle shall be registered with the county clerk of the county in which he resides. If the owner of a motor vehicle does not reside in the Commonwealth, the motor vehicle shall be registered with the county clerk of the county in which the motor vehicle is principally operated. If the owner of a motor vehicle is other than an individual and resides in the Commonwealth, the motor vehicle shall be registered with the county clerk of either county. The application when presented to the county clerk for registration shall be accompanied by:
- (a) A bill of sale and a manufacturer's certificate of origin if the application is for the registration of a new motor vehicle;
 - (b) The owner's registration receipt, if the motor vehicle was last registered in this state;
 - (c) A bill of sale and the previous registration receipt, if last registered in another state where the law of that state does not require the owner of a motor vehicle to obtain a certificate of title or ownership;
 - (d) A certificate of title, if last registered in another state where the law of that state requires the owner of a motor vehicle to obtain a certificate of title or ownership;
 - (e) An affidavit from an officer of a local government saying that the motor vehicle has been abandoned and that the provisions of KRS 82.630 have been complied with, for local governments which elect to use the provisions of KRS 82.600 to 82.640; and

- (f) The application from a person who has brought a motor vehicle into the Commonwealth from another state shall be accompanied by proof that the motor vehicle is insured in compliance with KRS 304.39-080.
- (2) After that, except as provided in subsection (6) of this section, the owner of any motor vehicle registered under KRS 186.050(1) or (2) shall register his motor vehicle on or before the date on which his certificate of registration expires. If, before operating the motor vehicle in this state, the owner registers it at some later date and pays the fee for the full year, he *or she* will be deemed to have complied with the law. Insofar as the owner is concerned, registration with the clerk shall be deemed to be registration with the cabinet.
- (3) After that, the owner of any commercial vehicle registered under KRS 186.050(3) to (14) shall register ~~the~~^{his} commercial vehicle on or before April 1 of each year. If, before operating a commercial vehicle in this state, the owner registers it at some later date and pays the required fee, he *or she* will be deemed to have complied with the law. Insofar as the owner is concerned, registration with the clerk shall be deemed to be registration with the cabinet, except the owner of any commercial motor vehicle to be registered pursuant to the International Registration Plan under KRS 186.050(13) shall register ~~the~~^{his} commercial motor vehicles on or before the last day of the month of registration established pursuant to KRS 186.051(3).
- (4) The application and documents presented therewith, including the sheriff's certificate of inspection, shall be affixed to the Transportation Cabinet copy of the certificate of title or registration and sent to the Transportation Cabinet by the clerk.
- (5) At least forty-five (45) days prior to the expiration of registration of any motor vehicle previously registered in the Commonwealth as provided by KRS 186A.035, the owner of the vehicle shall be notified by mail on the same notice required by KRS 134.805(5) of the date of expiration. In addition, the department shall provide appropriate forms and information to permit renewal of motor vehicle registration to be completed by mail. Any registration renewal by mail shall require payment of an additional two dollar (\$2) fee which shall be received by the county clerk. Nonreceipt of the notice herein shall not constitute a defense to any registration related offense.
- (6) (a) If an individual has been serving in the United States military stationed or assigned to a base or other location outside the boundaries of the United States, he or she shall renew the registration on the vehicle within thirty (30) days of his or her return if:
1. The motor vehicle has been stored on a military base during the time of deployment and has not been operated on the public highways during that time; and
 2. The vehicle's registration expired during the individual's absence.
- (b) An individual who meets the criteria in paragraph (a) of this subsection shall not be convicted or cited for driving a vehicle with expired registration within thirty (30) days after the individual's return to the Commonwealth if the individual can provide proof of meeting the eligibility criteria under paragraph (a) of this subsection.
- (c) When an individual presents evidence of meeting the criteria under paragraph (a) of this subsection when applying to renew the registration on the motor vehicle, the county clerk ~~+~~
1. ~~Shall not charge the individual any penalties or interest or lien filing fees for delinquent ad valorem taxes that have accrued under KRS 134.148;~~
 2. ~~Shall remove, without charge, any lien for delinquent taxes filed under the provisions of KRS 134.148; and~~
 3. ~~shall, when applicable, treat the registration as a prorated renewal under KRS 186.051, and charge the individual a registration fee only for the number of months of the registration year the vehicle will be used on the public highways.~~

➔Section 66. KRS 281.602 is amended to read as follows:

The Department of Vehicle Regulation shall have the authority to file the notice of a lien with the county clerk prescribed in *Section 33 of this Act*~~subsections (2) through (5) of KRS 134.420~~, with respect to any license tax, excise tax, motor fuel tax, or other motor vehicular tax administered by the department.

➔Section 67. KRS 304.20-200 is amended to read as follows:

The interest of each person in the proceeds of any policy, except those on single-family dwellings, issued by an insurer, as defined in KRS 304.1-040, providing fire insurance coverage for loss or damages caused by fire on an item of real estate, provided the amount of the proceeds for the loss payable under such policy is ten thousand dollars (\$10,000) or more, shall be subject to any tax lien on such item of real estate continued in force pursuant to the provisions of *Sections 18 and 33 of this Act* [KRS 134.420], and any such lien shall continue in force and apply equally to any fire insurance proceeds arising from a fire loss on such real estate. Any such lien may be discharged in the same manner as a lien filed pursuant to *Sections 18 and 33 of this Act* [KRS 134.420].

➔Section 68. KRS 304.20-220 is amended to read as follows:

The liens existing pursuant to *Sections 18 and 33 of this Act* [KRS 134.420] shall take precedence over any claim of right of an insured owner, mortgagee, assignee, or other interested party, except as otherwise provided by the laws of the United States.

➔Section 69. KRS 424.330 is amended to read as follows:

~~{(1) When the sheriff of any county files with the fiscal court a list of uncollectible delinquent taxes, in accordance with KRS 134.360, the fiscal court shall promptly cause a list, showing the name of and amount due from each delinquent taxpayer, to be advertised by newspaper publication. A fee of five dollars (\$5) per name per publication shall be added to the amount of each tax claim published as publication costs.~~

(2) Cities may publish a list of uncollected delinquent taxes levied under Section 181 of the Kentucky Constitution, showing the name of and the amount due from each delinquent taxpayer, to be advertised by newspaper publication. A fee of five dollars (\$5) per name per publication may be added to the amount of each tax claim published as publication costs.

➔Section 70. KRS 134.480 is amended to read as follows:

- (1) (a) The delinquent taxpayer or any person owning or having a legal or equitable interest in real property covered by a certificate of delinquency may at any time pay the total amount of the certificate to any purchaser thereof, and any person whatsoever may likewise pay a certificate of delinquency when the claim is purchased by the sheriff on behalf of the state, county, or taxing district pursuant to KRS 134.450(3)~~{(2)}~~.
- (b)
 1. When a certificate is paid to an owner other than the state, county, or taxing district, the assignee shall mark paid in full on the certified copy of the certificate and shall release the lien, or surrender the certified copy of the certificate of delinquency to the person making payment, and, if the person making payment is the person primarily liable on the certificate, the person may file it with the county clerk and have the certificate released of record.
 2. If the owner fails to release the lien within thirty (30) days, or surrender the certified copy of the certificate of delinquency to the person making payment within thirty (30) days after payment has been tendered to the owner at the mailing address designated in the notice required by KRS 134.490(1)(b), the owner of the property subject to the certificate of delinquency shall have all of the remedies provided in KRS 382.365 against the owner of the certificate of delinquency.
- (c) When a certificate of delinquency has been fully paid to the state, county, and taxing districts, the clerk shall note the name and address of the person making the payment, the amount paid by the person, and such other information as the department may require. The clerk shall mark the certificate of delinquency paid in full. Payment in such instance by one other than the person primarily liable on the certificate will amount to an assignment of the certificate of delinquency. The payor shall be subrogated to the lien priority of the state, county, or taxing districts as provided in KRS 134.420(1), and the certificate of delinquency shall be collectible as provided in this subsection and subsection (2) of this section. The clerk shall note the assignment on the certificate of delinquency and provide the assignee a certified copy of the certificate of delinquency, or the clerk may provide for a certified electronic certificate of delinquency in the clerk's records in lieu of delivering a certified copy of the certificate of delinquency.
- (d) Anyone other than the person primarily liable who pays a certificate or purchases it from an owner other than the state, county, and taxing district may, by paying a fee pursuant to KRS 64.012, have the clerk record the payment or purchase and such recordation shall constitute an assignment thereof. The assignment shall be recorded in the same manner as a notice of lis pendens. Failure to obtain such an

assignment shall render the claim of such payor or purchaser to any real estate represented thereby inferior to rights of other bona fide purchasers, payors, or creditors. Any owner of a certificate of delinquency once having paid the assignment fee may have a change of his address noted of record by the clerk without paying an additional charge, otherwise the person shall pay a fee pursuant to KRS 64.012 to the clerk for entering such change on the certificate.

- (2) (a) The county clerk may receive payment of the amount due on certificates of delinquency owned by the state, county, and taxing districts, and the clerk shall give a receipt to the payor and make a report to the department, the county treasurer, and the proper officials of the taxing districts as often as such units may require, and not less than once in every thirty (30) days.
- (b) The clerk may accept payment of taxes due by any commercially acceptable means, including credit cards.
- (c) The clerk shall pay to the department for deposit with the State Treasurer all moneys collected by the clerk due the state, to the county treasurer all moneys due the county, and to the authorized officers of the taxing districts the amount due each such district. The clerk shall pay the amount of fees, costs, commissions, and penalties to the persons, agencies, or parties entitled thereto.
- (d) The clerk shall retain ten percent (10%) of the amount due each taxing unit as a fee for services provided. This fee shall be added to the amount of the tax claim and paid by the persons paying the tax claim.
- (3) (a) A person entitled to pay a certificate of delinquency who is having difficulty locating a private purchaser to make payment on a certificate of delinquency may send a registered letter addressed to the private purchaser who is the owner of record of the certificate. If the letter is returned by mail unclaimed, or if the private purchaser fails to respond within fifteen (15) days, the sender may provide proof that the letter was returned or that the private purchaser did not respond within fifteen (15) days to the county clerk, and may then make payment to the county clerk, who shall make the necessary assignment or release and deposit the money in an escrow account for this specific purpose in the nearest bank having its deposits insured with the Federal Deposit Insurance Corporation. The county clerk may maintain one (1) escrow account for all deposits made pursuant to this paragraph and shall maintain a record reflecting the amount due each private purchaser.
- (b) The clerk may deduct the sum of twenty dollars (\$20) as a fee for such service. The name of the bank in which the money is deposited shall be noted on the certificate.
- (c) The clerk shall mail a copy of the certificate by regular mail to the owner of record of the certificate at the address on the certificate.
- (4) If any clerk fails to pay to the person entitled thereto, upon written demand, the money received in payment of a certificate of delinquency, the clerk and the clerk's sureties shall be liable for the same and twenty percent (20%) interest thereon annually from the fifteenth day after the time the clerk received the written demand until paid.
- (5) Copies of the records provided for in KRS 134.450 and this section, certified by the county clerk, shall be evidence of the facts stated in them in all the courts of this state.

➔Section 71. The following KRS sections are repealed effective January 1, 2010:

- 134.020 Due date of taxes -- Discount -- Partial payment -- Delinquent taxes -- Penalty -- Revised collection schedule -- Collection efforts.
- 134.030 Extension by Governor of time for payment of taxes -- Relief of sheriff.
- 134.040 Effect of payment of taxes before due.
- 134.050 Tax is personal debt of person liable for payment -- Collection -- Penalties -- Personal checks.
- 134.060 Liability for tax as between holders of various interests in property.
- 134.070 Lien of joint owner paying entire tax.
- 134.080 Payment of tax by holder of lien or person in possession -- Rights on payment -- Lien.
- 134.090 Certificate of transfer issued to person paying tax for person liable -- Form -- Rights of transferee.

- 134.100 Recording of certificate of transfer -- Clerk's fee for record or release.
- 134.110 Duplicate certificate of transfer, where original is lost or destroyed.
- 134.120 Person for whom tax is paid is estopped from tax protest -- Reimbursement of transferee if certificate is invalid.
- 134.130 Release of property from certificate of transfer -- Redemption.
- 134.148 Clerk to file lien for taxes on motor vehicles or trailers -- Accounting by clerk of payments received.
- 134.150 Agents of Department of Revenue not to collect taxes without written authority from commissioner.
- 134.170 Payment of taxes to sheriff -- Receipts -- Deduction of taxes from claim due taxpayer -- Misapplication of funds.
- 134.180 Sheriff or deputy to visit justices' districts to receive tax payments.
- 134.200 Appointment of deputy sheriffs -- Bond -- Removal -- Retention of deputies' compensation by sheriff.
- 134.220 Death, resignation or removal of sheriff -- Sureties may nominate collector.
- 134.240 Form of general revenue bond of sheriff -- Filing and recording.
- 134.250 Special bond of sheriff for county levy -- Minimum -- Record.
- 134.260 Liability of sureties on sheriff's revenue bonds.
- 134.270 Limitation of action against sheriff and sureties.
- 134.280 Failure of sheriff to execute bond.
- 134.290 Compensation of sheriff for collecting state and county taxes.
- 134.295 Supplementation of sheriff's commission.
- 134.300 Reports, payments by sheriff.
- 134.310 Sheriff's annual settlement with county -- Objections -- Action in Circuit Court -- Statement of funds and expenditures -- Settlement for excess fees -- Applicability of KRS 64.368 if population decreases below 70,000.
- 134.320 Report and payment to Department of Revenue -- Penalty.
- 134.325 Sheriff's settlement for taxes collected.
- 134.330 Quietus and bond of sheriff -- Settlement on recertified tax bills.
- 134.340 Sheriff to record delinquent tax collections -- Penalty for failure to record or collect -- Prosecution by county attorney -- Compensation.
- 134.350 Apportionment of partial collection of tax.
- 134.360 Credit to sheriff for uncollectible delinquent taxes and certificates of delinquency.
- 134.385 Special audit by department.
- 134.390 Omitted tax bills, when due and when deemed delinquent -- Penalty -- Laws applicable to delinquency.
- 134.410 Investigation by commissioner of revenue of records of delinquent insurance companies.
- 134.430 Sale of personal property and delinquent tax claims against real property -- Compensation for services.
- 134.440 Advertisement of sale of tax claims -- Compensation of sheriff.
- 134.450 Sale of tax claims -- Offers of purchase -- Certificate of delinquency.
- 134.460 Evidence of validity of tax proceedings.
- 134.470 Liability of taxpayer on uncollectible tax bill or certificate of delinquency -- Action to enforce -- Operation of statute of limitations.

- 134.480 Who may pay certificates of delinquency -- Remedies for failure to release lien or surrender certified copy after payment -- Assignment -- Clerk to receive and record payments -- Records as evidence.
- 134.485 Apportionment of tax encumbrance where land is divided as to ownership and area.
- 134.500 Interest on certificates of delinquency -- Collection of amount due on certificate of delinquency and delinquent personal property tax bills -- Technical resources from department -- Installment payments.
- 134.540 Action to declare tax sale invalid and establish lien of state on sales made prior to June 12, 1940 -- County attorney to assist department -- Compensation.
- 134.550 Foreclosure of lien in action brought on sale made prior to June 12, 1940 -- Redemption before foreclosure.
- 134.560 Limitation of action to invalidate tax sale and establish lien, on sales made prior to June 12, 1940.
- 134.570 Effect of tax deed on sale made prior to June 12, 1940.

→Section 72. Although the provisions of Sections 1 to 3 and 5 to 69 of this Act do not become effective until January 1, 2010, the Department of Revenue is authorized and directed to promulgate administrative regulations, develop forms, and take other necessary steps authorized by this Act prior to January 1, 2010, so that the provisions of this Act can effectively be implemented on January 1, 2010.

→Section 73. The provisions of Sections 1 to 3 of this Act and 5 to 69 of this Act take effect January 1, 2010.

→Section 74. Whereas the fiscal circumstances surrounding the sheriff's sale of delinquent tax claims necessitate an immediate change in the process, and because it is necessary for the Department of Revenue to promulgate administrative regulations and develop forms before the provisions of this Act can be implemented, an emergency is declared to exist and Sections 4, 70, and 72 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming law.

→Section 75. To avoid confusion about the application of the provisions of this Act to the sale of 2009 tax bills it is explicitly stated that the provisions of Sections 1 to 3 and 5 to 69 of this Act shall apply to the purchase and sale of delinquent tax claims and certificates of delinquency related to assessments made in calendar year 2009.

Signed by the Governor March 17, 2009.