FINANCE AND ADMINISTRATION CABINET

Department of Revenue

(Amendment)

103 KAR 1:150. Electronic data match and levy procedures.

RELATES TO: KRS 131.670, 131.672, 131.674, 131.676, 205.772, 205.774
STATUTORY AUTHORITY: KRS 131.672(7)
CERTIFICATION STATEMENT:
NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.672(7) requires the Department of Revenue to promulgate an administrative regulation to establish the procedures to be followed by the Department of Revenue and Kentucky financial institutions in implementing and operating a data match and levy system to assist the Department of Revenue in collecting delinquent taxes and debts owed to the Commonwealth. This administrative regulation establishes the electronic data match and levy procedures.

Section 1. Definitions.
(1) "Debt" is defined by KRS 131.670(1).
(2) "Debtor" is defined by KRS 131.670(2).
(3) "Delinquent taxpayer" is defined by KRS 131.670(4).
(4) "Department" is defined by KRS 131.670(3).
(5) "Financial Institution" is defined by KRS 131.670(5).
(6) "Levy" is defined by ~~[in]~~KRS 131.500(10).

Section 2. Electronic Data Match and Levy Program Implementation. The department shall have access to identifying information for a delinquent taxpayer or debtor who the department has identified to a financial institution through a data match for the purpose of levying the account of the delinquent taxpayer or debtor to pay the delinquent tax or debt.

Section 3. Electronic Data Match Reporting. A financial institution shall:
(1) Select a preferred matching method in the Data Matching Memorandum of Agreement;
(2) Exchange information with the department by way of an automated data exchange system. If the financial institution demonstrates to the department that it does not have the necessary computer capabilities to exchange information by way of an automated data exchange system, the department may issue a waiver to allow the financial institution to exchange information by paper;
(3) Submit information to the department on a quarterly basis in the format prescribed by the Financial Data Match Specifications Handbook, using ~~[either]~~the all accounts method or the matched accounts method.
(a) If a financial institution agrees to provide the information according to the all accounts method, the financial institution shall:
1. Submit to the department, or the department's authorized agent, within fifteen (15) days after requested by the department, data files of open accounts for the data match; and
2. Report the name, record address, Social Security number, Federal Employer Identification number, and account status on any account maintained by the financial institution;
(b) If a financial institution agrees to provide the information according to the matched accounts method, the financial institution shall, within fifteen (15) days after submission to the financial institution by the department of an inquiry, file:

1. Match the inquiry file of delinquent taxpayers and debtors identified and provided by the department, or by the department's authorized agent, against open accounts maintained by the financial institution; and

2. Submit a report of matched accounts to the department or its authorized agent containing the name, record address, Social Security number, Federal Employer Identification number, and account status on any account maintained by the financial institution;

(4) Maintain a security process to assure that information received from the department or its authorized agent concerning a delinquent taxpayer or debtor shall:

(a) Be maintained and safeguarded as confidential; and

(b) Not be copied or given to any other entity without the written permission of the department, or the delinquent taxpayer or debtor; and

(5) Incur no liability for providing a file to the department in accordance with an approved format as described by the Financial Data Match Specifications Handbook.

Section 4. Levy.

(1) If a financial data match occurs, a financial institution shall:

(a) Hold, encumber, or surrender an account to the department upon receipt of a notice of levy issued by the department;~~[Notice of Levy, Revenue Form 12B020, which is incorporated by reference in 103 KAR 3:010, Section 2(1)(rr);]~~

(b) Address and send to the department notices, paperwork, tapes, or other electronic communication resulting from a financial institution data match program; and

(c) Submit the data ~~[date]~~files required by Section 3 of this administrative regulation to the department.

(2) The match of an account holder to a delinquent taxpayer or debtor record provided by the department shall not constitute a levy. An account shall not be held, encumbered, or surrendered to the department without a financial institution having received a notice of levy from the department.

Section 5. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) "Data Matching Memorandum of Agreement", July 2008; and

(b) "Financial Data Match Specifications Handbook", edition 11/07.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Revenue, Division of Collections, 501 High Street, 8th Floor, Frankfort, Kentucky 40620, Monday through Friday, 8 a.m. to 5 p.m.

103 KAR 1:150
THOMAS B. MILLER, Commissioner

APPROVED BY AGENCY: August 20, 2026

FILED WITH LRC: August 24, 2026 at 11:03 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on November 25, 2026, at 10:00 a.m. E.T/9:00 a.m. C.T. in Room 11A, State Office Building, 501 High Street, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through November 30, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Gary Morris, Executive Director, Office of Tax Policy and Regulation, Department of Revenue, 501 High Street, Station 1, Frankfort, Kentucky 40601, (502) 564-0424 (telephone), (502) 564-3875 (fax), DORTAXPOLICY@ky.gov (email).

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person:Gary Morris, Phone: (502) 564-0424, Email: DORTAXPOLICY@ky.gov

Subject Headings:Finance and Administration; Taxation; Banks and Financial Institutions

(1) Provide a brief summary of:

(a) What this administrative regulation does:
This administrative regulation establishes procedures for electronic data match and levy procedures to be followed by the Department of Revenue and Kentucky financial institutions.

(b) The necessity of this administrative regulation:
This regulation is necessary to provide relevant guidance on the electronic data match and levy procedures.

(c) How this administrative regulation conforms to the content of the authorizing statutes:
KRS 131.672 requires the Department of Revenue to promulgate an administrative regulation to establish the procedures for a data match and levy system to assist the Department in collecting delinquent taxes.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:
This regulation assists in providing necessary guidance for the electronic data match and levy procedures.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:
This amendment includes minor KRS 13A changes and strikes a reference to a regulation that was repealed.

(b) The necessity of the amendment to this administrative regulation:
This amendment is necessary to strike an outdated reference.

(c) How the amendment conforms to the content of the authorizing statutes:
See 1(c).

(d) How the amendment will assist in the effective administration of the statutes:
This amendment will continue to provide guidance on electronic data match and levy procedures.

(3) Does this administrative regulation or amendment implement legislation from the previous five years?No.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:
This regulation impacts the Department of Revenue and financial institutions. However, this amendment is simply a clean-up and does not impact those procedures.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:

This amendment is not anticipated to impact the entities identified in question (4) because it should not change current practices.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):

The Department does not anticipate implementation costs for the entities to implement this amendment because the amendment does not change current practices.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):

This amendment continues to provide guidance on the electronic data match and levy procedures while removing outdated references.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

(b) On a continuing basis:

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:

Any negligible costs associated with this amendment would be absorbed by the Department's budget; however, no costs are anticipated.

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

No increase in fees or funding will be necessary to implement this amendment.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

The administrative regulation does not establish any fees.

(10) TIERING: Is tiering applied?

Tiering is not applied because all taxpayers will be treated equally.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:

KRS 131.672 requires the Department of Revenue to promulgate an administrative regulation to establish the procedures for a data match and levy system to assist the Department in collecting delinquent taxes.

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:

See the answer to (1). This amendment is not due to recent legislation passed by the General Assembly.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:

The Department of Revenue is the promulgating agency and the only state agency impacted by this administrative regulation.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:

For the first year:There is no anticipated impact on expenditures.

For subsequent years:There is no anticipated impact on expenditures.

2. Revenues:

For the first year:There is no anticipated impact on revenues.

For subsequent years:There is no anticipated impact on revenues.

3. Cost Savings:

For the first year:There is no cost savings anticipated.

For subsequent years:There is no cost savings anticipated.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):

The amendment to this administrative regulation will not impact local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:

For the first year:No impact to local entities.

For subsequent years:No impact to local entities.

2. Revenues:

For the first year:No impact to local entities.

For subsequent years:No impact to local entities.

3. Cost Savings:

For the first year:No impact to local entities.

For subsequent years:No impact to local entities.

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):

This administrative regulation applies to Kentucky banks and financial institutions, but the amendment is not anticipated to impact regulated entities because current practices remain unchanged.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:

For the first year:No impact to regulated entities.

For subsequent years:No impact to regulated entities.

2. Revenues:

For the first year:No impact to regulated entities.

For subsequent years:No impact to regulated entities.

3. Cost Savings:

For the first year:No impact to regulated entities.

For subsequent years:No impact to regulated entities.

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)

(a) Fiscal impact of this administrative regulation:
The Department does not anticipate that the amendment to this regulation will have a fiscal impact.

(b) Methodology and resources used to reach this conclusion:
This amendment includes KRS 13A related changes and strikes and reference to a previously repealed regulation.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):
The amendment to this administrative regulation will not have a major economic impact.

(b) The methodology and resources used to reach this conclusion:
This amendment includes KRS 13A related changes and strikes and reference to a previously repealed regulation.