

131.435 Tax amnesty program -- Request for proposal -- Requirements -- Evaluation -- Tax amnesty receipt account. (See LRC Note below)

- (1) The department and the Finance and Administration Cabinet shall begin procurement for services necessary to implement the tax amnesty program under KRS Chapter 45A, except as provided under subsection (2) of this section.
- (2) (a) The department shall issue a request for proposal, which complies with KRS 131.081, to solicit sufficient information for evaluating firms submitting statements of interest in providing tax amnesty services according to the following criteria:
 1. The qualifications of the firm to:
 - a. Provide advertising services prior to the start of the program described in KRS 131.400(3) and a toll-free telephone number for taxpayers to call for assistance;
 - b. Provide a customer-service approach and strategy to ensure a positive relationship with each taxpayer;
 - c. Contact every amnesty-eligible taxpayer, including by written correspondence and other forms of electronic and nonelectronic communication delivery channels, using contact and account receivable data supplied by the department related to tax amnesty and the tax amnesty period;
 - d. Employ the use of contact information correction sources, including data for all undeliverable mail, updated telephone numbers, and electronic mail addresses;
 - e. Assist any amnesty-eligible taxpayer by using tax-specific data, billing codes, or other information provided by the department;
 - f. Maintain the confidentiality of all data under KRS 131.190 which is supplied by the department or the taxpayer; and
 - g. Remit daily to the department all amnesty applications and tax payments received and all data corrections for the department's databases;
 2. The ability of all professional personnel employed by the firm that will provide tax amnesty services, including:
 - a. The total number of personnel that will provide tax amnesty services to taxpayers leading up to and during the amnesty period;
 - b. The title of each specific position type and total number of personnel filling each specific position type; and
 - c. The minimum qualifications for each specific position type;
 3. The past record and experience of the firm in performing tax amnesty services or other tax-related services;
 4. Performance data related to past tax amnesty services or other tax-related services performed by the firm;
 5. Certification that the firm will meet the time requirements for the tax amnesty program and will conclude all services in a timely manner as

required by the department or pay to the department a fee for failure to meet the timeframe;

6. Verification of the location of all employees providing tax amnesty services;
 7. An agreement by the firm to provide a report to the department for posting to the department's website related to the following items:
 - a. A report of the public information campaign performed by the firm, including an itemized cost incurred;
 - b. The number of incoming telephone calls answered by week;
 - c. The number of mailings sent to taxpayers;
 - d. The number of returned mail items received;
 - e. The number of amnesty applications received from taxpayers by week;
 - f. The number of amnesty applications that were approved by taxpayer type;
 - g. The number of amnesty applications that were denied by taxpayer type and the number of denied amnesty applications by reason for denial;
 - h. According to the address listed on the amnesty application, information related to the absolute number and percentage of total for:
 - i. Amnesty applications received from businesses or individuals and whether the taxpayer was in-state or out-of-state;
 - ii. Amounts collected from businesses or individuals and whether the taxpayer was in-state or out-of-state; and
 - iii. The total amount collected by county, including the number of applications received by a business, individual, or office or member and the total amount paid for each category;
 - i. The number of amnesty applications received by appropriate payment ranges for the population of applications;
 - j. The payment amount received by type of tax;
 - k. The amount of tax collected by tax year;
 - l. The amount of federal tax collected by tax year;
 - m. The number of newly registered taxpayers; and
 - n. The amount of tax collected on protested audits by tax type and whether the amnesty payment paid the tax protested in full or was a partial payment on the audit; and
 8. Any other information required by the department.
- (b) When evaluating firms submitting statements of interest in providing tax amnesty services, the department shall use a weighted-evaluation approach to select a firm, including:

1. The ability of the firm to:
 - a. Provide a customer-service and taxpayer-assistance approach in providing amnesty services, including communication with taxpayers before and during the amnesty period, weighted no more than thirty percent (30%) of the evaluation score; and
 - b. Maintain lines of communication with the department related to strategy for and delivery of amnesty services and report to the department regarding the results from the firm delivering amnesty services, weighted no more than twenty-five percent (25%) of the evaluation score;
 2. The bid of the firm to provide amnesty services, weighted no more than fifteen percent (15%) of the evaluation score; and
 3. The past performance of the firm with other states, including how well the firm met goals established by the other states, weighted no more than thirty percent (30%) of the evaluation score.
- (3) For purposes of accounting for the revenues received pursuant to KRS 131.410 to 131.445, the department shall establish within the general fund a separate and distinct tax amnesty receipt account. All receipts collected as a result of the amnesty program shall be paid into this account, and all transactions involving this account shall be accounted for and reported as such.
- (4) Following receipt of the report required by subsection (2) of this section and the disposition of moneys as required by subsection (3) of this section, the department shall provide a report summarizing the amnesty program results to the Interim Joint Committee on Appropriations and Revenue no later than July 1, 2025.

Effective: July 15, 2024

History: Amended 2024 Ky. Acts ch. 166, sec. 45, effective July 15, 2024. -- Amended 2022 Ky. Acts ch. 212, sec. 37, effective April 14, 2022. -- Amended 2009 Ky. Acts ch. 12, sec. 38, effective June 25, 2009. -- Created 1988 Ky. Acts ch. 322, sec. 6, effective July 15, 1988.

Legislative Research Commission Note (7/15/2024). During the 2024 Regular Session, the General Assembly enacted House Bill 8, which included an amendment to this statute that requires the Department of Revenue to submit a report summarizing the tax amnesty program results to the Interim Joint Committee on Appropriations and Revenue no later than July 1, 2025. The Governor did not, however, veto Section 43 of House Bill 8, which amended KRS 131.400 to establish a tax amnesty period from October 1, 2024, through November 29, 2024, and apply the program to "tax liabilities for taxable periods ending or transactions occurring on or after October 1, 2011, but prior to December 1, 2023, and any federal tax liability referred to the department." On April 9, 2024, the Governor vetoed House Bill 8, in part, including the amendments to this section. On April 12, 2024, the House ruled that House Bill 8 is not an appropriation bill and that the Governor's line-item vetoes had no effect on the bill. Upon request by the Speaker of the House and President of the Senate for an opinion on whether the Governor's purported line-item vetoes of House Bill 8 are valid and whether those vetoed sections should be included in the Kentucky Acts and Kentucky Revised Statutes, the Attorney General issued OAG 24-06 on May 20, 2024, stating, in part, that because House Bill 8 is not an appropriation bill, the Governor's purported use of the line-item veto exceeds the powers granted to him by Section 88 of the Kentucky Constitution, the attempted line-item vetoes are invalid

and nullities, the sections that the Governor purported to veto became law along with the rest of the bill, and the purportedly vetoed provisions must be incorporated into the permanent laws of the Commonwealth.